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NEW FLAG OVER HONG KONG

Herald INTERNATIONAL Tribune

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In a Former Colony, the Dawn Is Red

Big Change Is Coming – To Whom And How?

By Nicholas D. Kristof
New York Times Service

HONG KONG — As dawn rises for the first time over red Chinese flags officially fluttering here in a capitalist breeze, the most fascinating question is not how China will change Hong Kong but how Hong Kong will change China — and the world.

At stake is the fate of not just the 6 million people who live here, but more importantly the 1.2 billion neighbors next door in China, plus the 20 million who live in Taiwan and the hundreds of

NEWS ANALYSIS

millions more who live elsewhere in the neighborhood. To an enormous extent, many of the critical issues of the 21st century will depend in part on how events unfold in this peculiar crossroads of scones and dim sum.

Whether the United States and China are headed for partnership or conflict, whether Taiwan will eventually become independent or return to China's embrace, whether China will grow strong and democratic or collapse in chaos — all these will be determined in part by what happens in Hong Kong.

The central question is whether Hong Kong amounts to a colossal Trojan horse: a prize so glorious that China's Communist Party cannot leave it outside the gates, but which, once inside, will destroy those in power.

Looking at the way Hong Kong and China have influenced each other over the last dozen years, one could easily conclude that the hand-wringing over Hong Kong's future is misplaced. No one has ever made money betting against Hong Kong, though lots have tried, and perhaps it is the Chinese Communist Party leaders who should tremble about whether their style of life and leadership can long survive.

"I think the democratic struggle of people here in Hong Kong for freedom and human rights will influence China," mused Han Dongfang, a Chinese labor leader who was imprisoned and tortured in Beijing and is now in exile in Hong Kong. "The Hong Kong handover will push the system in China and make the change go forward faster."

Mr. Han and others suggest that many mainland Chinese will be annoyed and frustrated that their fellow Chinese citizens in Hong Kong have the right to criticize the party, to demonstrate, to form independent unions, while they themselves have none of these rights. Mr. Han, for his part, thinks this gap will sow discontent throughout China.

"Chinese workers will think that 'one country, two systems' means 'one country, two classes of citizens,'" Mr. Han said. "I think this will have a big impact."

The notion that tiny Hong Kong could reshape China is conceivable only because Hong Kong arguably always

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Kimimasa Mayama/Agence France-Presse

A soldier of the People's Liberation Army raising the Chinese flag Tuesday, signaling the end of British rule.

Nostalgia, Patriotism And Tough New Laws As Britain Ends Its Rule

By Edward A. Gargan
New York Times Service

HONG KONG — China resumed sovereignty over Hong Kong a moment after midnight Tuesday, sovereignty wrested from a decrepit Qing dynasty 156 years ago by a Britain intent on selling opium to the Chinese.

To the brassy martial chords of China's national anthem, the March of the Volunteers, China's flag, a red banner with five gold stars, was raised solemnly, along with the new flag of Hong Kong, a stylized white bauhinia flower on a field of red. Just seconds before, as God Save the Queen swelled in the exhibition hall, British soldiers lowered the Union Jack for the last time in Hong Kong.

"This is both a festival for the Chinese nation and a victory for the universal cause of peace and justice," declared President Jiang Zemin. "The return of Hong Kong to the motherland after going through a century of vicissitudes indicates that from now on, the Hong Kong compatriots have become true masters of this Chinese land and that Hong Kong has now entered a new era of development."

Shortly afterward, Tung Chee-hwa, a 60-year-old shipping tycoon, was sworn in as Hong Kong's first chief executive under Chinese rule. For Hong Kong's people, though, the languages pronouncing their fate were those of alien powers, English spoken by the British and the Mandarin dialect of northern China by Mr. Jiang.

As the pendulum of history swung over Hong Kong, change swept with suddenness through the territory. For the first time in this century, a free people and a thriving capitalist economy has been subsumed by a communist power. Its elected legislature was disbanded and a broad range of civil liberties were suddenly subject to sharp restrictions under laws that had been passed by a Beijing-appointed body that has been meeting for months across the border.

Change came in small ways, too. Across Hong Kong, police officers, fire fighters and all the uniformed services unpinned their colonial insignia and replaced them with the new symbols of Hong Kong. The British coat of arms was removed from the main government building at midnight and the royal emblem pried from the Rolls Royce that used to ferry the British governor about.

Against the surge of patriotic sentiment, and wisps of nostalgia for the departed British, there were protests from pro-democracy figures who had been expelled from the legislature with the advent of Chinese rule.

From the balcony of the Legislative Council building, Martin Lee, the leader of the pro-democracy forces in the disbanded elected body, told thousands of demonstrators that democracy would return to Hong Kong.

British rule ended in a ceremony austere and precise, a ceremony whose details exhausted the negotiating skills of both sides. On a simple dais inside a just completed convention center, two pairs of flagpoles, one flying the Union Jack and the British Hong Kong flag, the other bare, stood before chairs for President Jiang's party and those accompanying Prince Charles.

Prince Charles spoke briefly. "The United Kingdom," he declared, "has been proud and privileged to have had responsibility for the people of Hong Kong, to have provided a framework of opportunity in which Hong Kong has so conspicuously succeeded and to have been part of the success which the people of Hong Kong have made of their opportunities."

"God Save the Queen" was played by a band of Scots Guards in tall,

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Night of celebration and fear for the future. • China ignores Albright's plea for a top dissident. *Page 6.* Joy in Beijing • Troops pour in on a 'sacred mission.' *Page 7.*

New Rulers Will Put Business First

Tung's Model Seems To Be Singapore

By Keith B. Richburg
Washington Post Service

HONG KONG — The new Chinese leadership that took over this most affluent of Chinese societies on Tuesday is a results-oriented group — more conservative, far wealthier and less partisan than much of the local population — and it is likely to bring a business-oriented approach to urban problem-solving while playing down any need for accelerating Hong Kong's democratic development.

At the head of the new leadership team is Hong Kong's first chief executive, Tung Chee-hwa, a shipping tycoon born in Shanghai. He has outlined a vision for Hong Kong that closely resembles the island city-state of Singapore — a place where political debate is muted, where government is authoritarian and paternalistic but efficient, and where people's lives are improved through good schools and affordable homes.

Mr. Tung, 60, has surrounded himself with a coterie of mostly young, 40-something advisers — his "kitchen cabinet" — drawn largely from the corporate and financial world and with little or no experience in Hong Kong's past political debates. This group, unabashedly pro-China, professes faith in market forces.

But many of them talk ambitiously of making Hong Kong's traditional laissez-faire government far more activist. They talk, too, of retooling the local economy along high-tech lines and po-

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Mike Fiala/The Associated Press

Chris Patten, the former governor, with Prince Charles after delivering his farewell speech Monday to a gathering at Tamar, the Royal Navy base.

Protesters Test China's Pledge On Freedoms With Marches

By Velisarios Kattoulas
International Herald Tribune

HONG KONG — Defying Beijing even as it celebrated its resumption of sovereignty over Hong Kong, the democratic activist Martin Lee, vowing to remain the "voice of Hong Kong," called on the new rulers to scrap the Beijing-appointed legislature.

In a half-dozen protests, nearly 1,000 demonstrators marched through the rain-soaked streets of Hong Kong.

The demonstrations marked the first test of whether China's authoritarian leaders would stick to agreements with Britain to preserve Hong Kong's freedoms for the next 50 years. Such demonstrations have triggered violent government crackdowns in mainland China in the past.

Under new Hong Kong law, demonstrations require advance approval, but the police have said they only expect to enforce "the old laws" in the early hours of Tuesday.

A dozen members of the April 5th Action Group, a small radical anti-Beijing group, scuffled with the police and pro-China activists as they marched toward the venue where Hong Kong's formal handover took place at midnight. A separate radical group also protested outside the conference center where the handover took place.

A group of 10 Taiwanese legislators accused China of using the historic handover to speed up reunification with

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Turk Assumes Power With Secular Cabinet

By Stephen Kinzer
New York Times Service

ISTANBUL — Mesut Yilmaz was named prime minister on Monday after forming a government that he said would put a definitive end to the country's yearlong experiment with Islamic rule.

Mr. Yilmaz presented a list of cabinet ministers to President Suleyman Demirel, who approved it, and later moved into the prime minister's office to begin his first day of work.

"Our government will meticulously guard the basic principles of the republic," Mr. Yilmaz said after taking over. "It will be a government that raises the profile of civilian, democratic and freedom-loving values."

The new government must be confirmed by Parliament, but that appeared to be little more than a formality since Mr. Yilmaz has won the support of a broad range of party leaders. Parliament is expected to vote within two weeks.

His government will probably enjoy the support of Turkey's powerful military commanders, who applied heavy pressure to force the Islamic leader Necmettin Erbakan from the prime minister's job in June. The military charged that Mr. Erbakan was undermining secular democracy and leading the country toward Islamic fundamentalism.

In the 10 days of consultations that led to Monday's announcement, Mr. Yilmaz met with leaders of all the major

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Newsstand Prices

Andorra	10.00 FF	Lebanon	11,3000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 Rials
Egypt	E£ 5.50	Reunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 PTAS
Ivory Coast	1,250 CFA	Tunisia	1,250 Din
Jordan	1,250 JD	U.A.E.	10.00 Dirh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20

AGENDA

Socialist Opposition Wins in Albania

The Dollar		
New York	Monday @ 4 P.M.	previous close
DM	1.7455	1.739
Pound	1.6647	1.6645
Yen	114.645	114.575
FF	5.8802	5.8661

The Dow		
	Monday close	previous close
-14.93	7672.79	7687.72

S&P 500		
change	Monday @ 4 P.M.	previous close
-1.54	885.75	887.29

President Sali Berisha acknowledged defeat Monday in legislative elections, and he made a vow to accept the results and work to strengthen democracy in the troubled country. He gave no immediate indication of preparation to resign. But the head of the victorious Socialists demanded an early resignation. Albania has been torn by rioting, hunger and gun battles for several months since a financial investment scam that took the life savings of tens of thousands of people throughout the long-isolated Balkan nation. Page 5.

U.S. Arrests Russians in Weapon Sales

MIAMI (Reuters) — U.S. Customs agents in Miami have arrested two suspected Russian mobsters on charges related to the sale of nuclear weapons and missiles, a spokesman for the Customs Office said Monday.

He said the Customs officers had been negotiating with the suspects since 1995 and that the charges involved nuclear weapons, surface-to-air missiles and shoulder-launched missiles.

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The IHT on-line http://www.iht.com

A Clue in Space Accident

The Russian Supply Craft Was Overloaded

By David Hoffman
Washington Post Service

MOSCOW — The unmanned cargo ship that rammed the Mir space station last week was overloaded, a possible factor leading to the accident during a docking maneuver, according to an Interfax report Monday and a Western official.

But a top Russian space flight official, Viktor Blagov, said he believed the excess weight was not responsible for the accident, the worst ever aboard the 11-year-old Mir.

The Progress M-34 cargo vessel was being moved into position for a practice docking last Wednesday when it suddenly accelerated toward the Mir, punctured the research module and hit a solar panel.

The accident rendered inoperative the Spektr research module, as well as draining the Mir of 30 percent to 40 percent of its electrical power, which came from batteries in the Spektr.

During the docking, mission control officials have said the Progress approached the Mir at five times the normal speed.

The reason why the cargo ship went out of control is being investigated both by a Russian committee of experts and by the U.S. National Aeronautics and Space Administration, and no official statements have been made about the possible cause of the accident.

An American astronaut, Michael Foale, and two Russian cosmonauts are aboard the Mir, the world's longest-flying inhabited space station.

The cargo ship was being manipulated at the time by the Mir commander, Vasili Tsibliyev, who was using a relatively new, manual system to bring the Progress closer to the docking point.

The new system gave him a televised view to guide the cargo vessel toward Mir. He has said he could not brake the cargo vessel when it lurched toward the Mir.

The new manual docking system is designed to replace an automated radio docking system that has been in use for 15 years.

More than 40 Progress and Progress-M freighters have delivered more than 100 tons of food, fuel and supplies to

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First Trip on Planet's Surface / **Seeking the Nature of Life**

Robot to Roll for Rocks on Mars

By Kathy Sawyer
Washington Post Service

PASADENA, California — Brian Cooper has been rehearsing for an outing on Mars. The young scientist of the National Aeronautics and Space Administration is the designated driver of a robot rover that could be the first ever to roll on the surface of the red planet and go exploring.

By next week, if all goes well, he will be in a darkened control room at NASA's Jet Propulsion Laboratory here wearing his 3-D goggles, looking at stereo images of the Martian landscape. He will be sending commands across 119 million miles (191 million kilometers) to a free-range robot that resembles a large roller skate, sending it across the rust-colored alien dust in search of interesting rocks.

But first, it has to land.

On Friday, NASA's Pathfinder spacecraft, with the rover on board, is to demonstrate an innovative approach to invading a planet. After a 309-million-mile trip and a fiery entry into the upper atmosphere of Mars at about 1 P.M. eastern daylight time, screaming in at 16,600 miles an hour, Pathfinder is to release a large, billowing parachute to slow its descent, then jettison its protective heat shield. A giant cocoon of industrial-strength air bags is to inflate just eight seconds before impact to envelop the craft and cushion its impact.

At an altitude of about 100 feet (30 meters), braking rockets are to fire and slow the craft almost to a halt. It will then free-fall until it hits the ground at no more than 55 miles an hour. At impact, engineers expect the spacecraft — resembling a beach ball — to bounce for several minutes, possibly as high as a 10-story building, before it comes to rest.

"This is a new way of landing a spacecraft on a planet," said Brian Muirhead, the Pathfinder flight system manager at the Jet Propulsion Laboratory. "It's the first time a U.S. mission will use air bags to absorb the shock of landing."

Assuming the craft survives this "demonstration," its first job is to deflate the air bags and open up, its landing petals unfolding like a flower.

Then there will be an agonizing wait of nearly three hours for controllers back on Earth until the sun rises over the landing site, an ancient flood channel known as Ares Vallis. After switching from battery to solar power, the spacecraft will use its low-gain antenna to transmit critical data on its state.

That signal should arrive at Earth just after 5 P.M. eastern daylight time. (The travel time for the transmission will be just over 10 minutes.)

By that time, Mr. Muirhead said, "we'll have the critical data that we need to determine whether we have a basically healthy spacecraft in reasonably good condition or whether we'll need to start thinking about contingency operations. Frankly, we'll be very surprised if everything goes just right."

An onboard camera known as the IMP (Imager for Mars Pathfinder) is to send back periodic images of the spacecraft and nearby terrain, with the first images arriving on Earth about 7:13 P.M.

Sometime during the first three days, depending on circumstances, the flight team will transmit commands for the lander to unfurl ramps for the rover.

If conditions look safe, the team will command the rover, whose nickname is Rocky, to "stand up" and proceed down one of the ramps, equipped with a tool kit of miniature instruments that can study the composition of rocks, take close-up snapshots and send all that information back to Earth.

"Starting with the lander camera stereo images," Mr. Cooper said, "we'll use special goggles to view the terrain in three dimensions and look for safe paths to travel along in order for the rover to reach specific rocks and regions to conduct science and technology experiments. Once the path is decided, we will drive the rover using a set of software instructions that will be uplinked to the rover each day."

The rover's explorations are scheduled to go on for a week. The lander will operate for a month, transmitting data on the Martian temperature, atmospheric pressure and winds.

Mr. Cooper says he has faith in the rover. He has been working with other Rocky robots in a mock-up of Mars called the Sandbox. He is learning, he said, "the nuances of how to talk Rocky's language."

THE Pathfinder mission is not intended to settle the question of whether there is life on Mars. But the scientists expect it to provide the first in-depth portrait of the diversity of Martian rocks over a large area. The site was selected because it is relatively safe for landing and, scientists believe, contains a wide variety of rocks washed into it during an ancient catastrophic flood.

Launched Dec. 4, the $267.5 million Pathfinder mission — along with the Mars Global Surveyor craft now en route to Mars — marks the beginning of what planetary scientists hope is a new era in Mars exploration.

Pathfinder's findings should help engineers and scientists design the fleet of relatively low-cost craft that NASA plans to send in pairs every two years if Congress and the White House provide funding.

The Global Surveyor, which will arrive at Mars in September, is designed to study the planet from orbit and recoup much of the research capacity lost when the Mars Observer failed in 1993 as it approached its destination.

With the recent drama aboard the Russian Mir space station to remind the world of the risk and complexity of human space flight, officials noted that it would be decades — at least — before people try to land on Mars.

But exploring the Martian surface has become a critical concern of planetary exploration since a team made global headlines last August with the claim, since hotly disputed, that Allan Hills 84001, one of several Martian meteorites found on Earth, contains compelling evidence that primitive organisms might have lived on Mars billions of years ago.

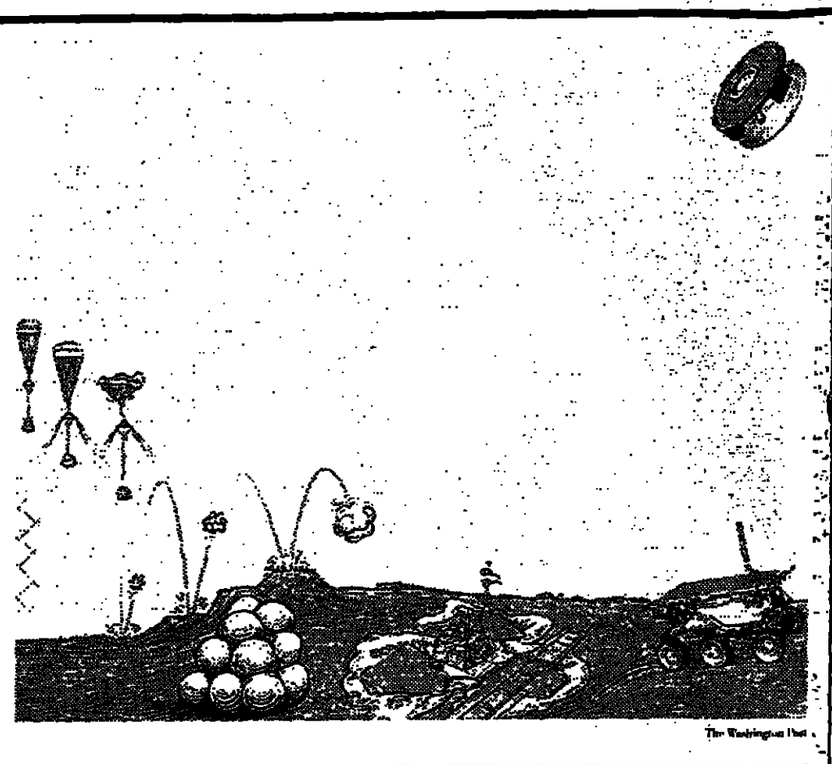
At the heart of the Mars rock controversy is whether the first known alien life has been discovered. And that is increasingly intertwined with scientists' wider struggle to understand the fundamental nature of life — on Earth or wherever it may exist — and how it can originate out of lifeless matter.

Ares Vallis, the landing site, is a basin where waters once flowed out of a heavily cratered terrain "that dates back to early Martian history, similar in age to the meteorite," said Matthew Golombek, Pathfinder project scientist. "By examining rocks in this region, Pathfinder should tell scientists about the early environment on Mars, which is important in evaluating the possibility that life could have begun there."

The Mars rock controversy has helped shift the search for extraterrestrial life into the scientific mainstream. And it has made at least one thing alarmingly clear according to leading combatants on all sides: Using current techniques, scientists might not recognize a Martian microbe.

The debate has served as "a wake-up call to the scientific community," said David McKay of NASA's Johnson Space Center in Houston and the leader of the team that reported on the microbe evidence in the Martian rock.

"We talk about this great grab-bag potpourri of rocks we want to collect," said Lanrie Leshin, a University of California at Los Angeles geochemist who has been studying Martian meteorites since 1989 and is a critic of the McKay team's claims. "But we've never seen them. We've never had mobility on the Martian surface before."



The Pathfinder spacecraft, upper right, with the rover aboard, will land on Mars in an innovative, bouncing approach, using a parachute and air bags.

Levy Threatens To Leave the Israeli Cabinet

Reuters

JERUSALEM— Foreign Minister David Levy said Monday that he would decide soon whether to resign in protest at Prime Minister Benjamin Netanyahu's way of running the government.

"I am considering my actions and weighing if there is truly a possibility that these things will be rectified, that the government will be able to operate, that it will stick to the peace process," he said at a news conference. "After considering all these things in the coming days I will decide on my next moves, on my continuing membership in the government."

In a scathing attack on the prime minister, Mr. Levy, 58, said that Middle East peacemaking was stuck and social issues had gone unresolved because of poor governance.

He complained he had not been consulted either about Mr. Netanyahu's plans to reshuffle the government last week or about a secret meeting that a cabinet minister, Ariel Sharon, had with Mahmoud Abbas, a Palestinian official close to the Palestinian Authority chief, Yasser Arafat.



Menahem Kahana/Agence France-Presse

Foreign Minister Levy at his news conference in Jerusalem on Monday.

■ Chirac Sees Arafat in Paris

President Jacques Chirac of France met Mr. Arafat on Monday and warned that deadlock in the Middle East peace process could lead to guerrilla violence, Reuters reported from Paris.

2 Belgian Solidiers Acquitted Of Torturing a Somali Boy

The Associated Press

BRUSSELS — Two paratroopers, accused of torturing a Somali boy by stretching him over an open fire in 1993 during a United Nations peacekeeping mission were acquitted Monday by a military court.

The court found that Claude Baert and Kurt Coelus did not engage in torture but in a playful game meant to discourage the child from stealing. The two privates also were cleared of charges of assault and battery and of threatening behavior.

"The court considered there was no evidence that the attack was meant to hurt the child," the prosecutor, Luc Walleyn, said to reporters. He said the court considered that they had engaged in "a form of playing without violence."

The prosecution had sought a month-long jail term for both soldiers, who were among the United Nations peacekeepers from 21 countries sent to Somalia in "Operation Restore Hope."

The 1993-1995 mission was intended to protect and feed Somalis caught in the anarchy of civil war. But the mission has prompted reports that some peacekeepers brutalized the civilians they were sent to help.

The verdict Monday raised questions about how successful prosecutors might be in securing guilty verdicts in other cases involving Belgian peacekeepers accused of misconduct.

In the coming months, the military court is scheduled to hear charges that a paratrooper force-fed a Somali boy pork and saltwater until he vomited and that another boy, accused of stealing, was kept in a closed metal container for two days, where he died.

In another case, a Belgian soldier is accused of urinating in the face of a Somali.

Mr. Baert has since left the armed forces; Mr. Coelus has been transferred to the Belgian Navy.

Norway Museum Home to Anthrax

The Associated Press

OSLO — A germ warfare capsule from World War I discovered in a Norwegian museum during a routine cleanup was still deadly, 80 years after it was confiscated from a German officer, a newspaper reported Monday.

A small glass ampoule found at the Norwegian Police Museum in the city of Trondheim in April contained anthrax, a bacteria that is deadly to animals and can also affect humans, the local newspaper, Adresseavisen reported.

Bjorn Berdal of the Norwegian military microbiology laboratory in Oslo said the discovery confirmed that Germany planned to use germ warfare in World War I. Documents found with the ampoule said it was confiscated from a German officer in the northern Norway village of Karasjok in January 1917.

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TRAVEL UPDATE

BA Ground Staff Votes to Strike

LONDON (AFP) — British Airways ground staff voted to strike Monday, raising the threat of two-pronged industrial action this summer that could cripple the carrier's services, union leaders announced.

The 9,000 British Airways ground staff voted by 2 to 1 in favor of the strike, in protest at the airline's plans to sell off its catering division, the Transport and General Workers' Union said.

Last week, British Airways in-flight attendants belonging to the British Airline Stewards and Stewardesses Association voted overwhelmingly to strike over pay. The Transport and General Workers Union is expected to decide this week on coordinated action for the ground staff and cabin crews, to take the form of 24- or 48-hour strikes or other forms of disruption.

Austria Set to Lift Border Controls

VIENNA(Reuters) — Austria is ready to lift its border controls and join the Schengen group of seven European Union countries by the end of this year, Interior Minister Karl Schloegl said Monday.

"We are definitely ready for Schengen," he said. "A delay until the year 2000 is out of the question."

As soon as France ratified the treaty, Austria would implement the agreement in November or December, he said.

But border controls with Germany will be lifted only step by step, not immediately, Mr. Schloegl said, adding that this was likely to continue until the end of 1998. Germany has repeatedly voiced concern about Austria's ability to police its outer borders with Eastern Europe.

Poland banned heavy truck movement between 10 A.M. and 10 P.M. starting Wednesday until further notice to limit damage to roads during a heat wave, press reports said Monday. Daytime temperatures have been exceeding 30 degrees centigrade (86 degrees Fahrenheit). The PAP news agency quoted a statement by the head of Poland's public roads, Tadeusz Suwara, as saying the ban would affect all trucks weighing more than 12 tons.

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.



Jetstream — Unseasonably Cold — Unseasonably Mild — Heavy Rain — Heavy Snow

North America Warm and humid from the Midwest to the East Coast: gusty thunderstorms in the Midwest Wednesday will exit the East Coast Friday. Cooler, drier weather will follow on the heels of the storms. Hot and dry from the Southwest to the southern Plains. Turning warmer in the Northwest.

Europe Very warm and dry from Ukraine to Belarus and western Russia, but strong thunderstorms will end the heat across Poland. Windy and cool weather with showers and steadier rains will continue across England, France and Germany through Friday. Cool in Spain, but warm and dry in Greece.

Asia Western and northern China will be hot and dry through Friday, but gusty thunderstorms will rumble across northeastern China. Very warm in Beijing with the chance for thunderstorms, while Tokyo will be warm and humid with showers; drenching rains are likely over southern Japan.

Europe

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Algarve	22/71	14/57 c	22/71	14/57 sh
Amsterdam	16/61	9/48 r	16/61	9/48 sh
Ankara	37/99	11/52 pc	29/84	12/53 pc
Athens	33/91	23/73 s	32/89	23/73 pc
Barcelona	20/68	14/57 pc	21/70	12/53 pc
Belgrade	29/84	13/55 s	27/80	15/59 pc
Berlin	24/75	14/57 pc	22/71	13/55 pc
Brussels	14/57	7/44 r	16/61	8/46 sh
Budapest	28/82	15/59 s	27/80	16/61 pc
Copenhagen	27/80	14/57 c	21/70	11/52 pc
Costa Del Sol	24/75	18/61 pc	24/75	18/61 pc
Dublin	13/55	8/43 c	11/52	4/39 pc
Edinburgh	15/59	13/55 r	16/61	7/44 r
Florence	24/75	12/53 pc	22/71	14/57 pc
Frankfurt	28/82	14/57 pc	22/71	12/53 pc
Geneva	19/66	9/48 sh	19/66	7/44 pc
Helsinki	30/86	17/62 pc	29/84	19/66 sh
Istanbul	31/88	21/70 pc	31/88	20/68 pc
Kiev	30/86	19/66 s	29/84	19/66 sh
Las Palmas	24/75	18/64 pc	25/77	18/64 pc
Lisbon	19/66	13/55 c	21/70	13/55 pc
London	17/62	11/52 pc	18/64	10/50 pc
Madrid	27/80	11/52 pc	26/79	11/52 sh
Mallorca	19/66	15/59 pc	19/66	13/55 pc
Milan	24/75	13/55 pc	25/77	13/55 c
Moscow	29/84	21/70 pc	29/84	21/70 pc
Munich	21/70	9/48 sh	21/70	9/48 c
Nice	22/71	14/57 s	22/71	15/59 pc
Oslo	23/73	16/61 r	24/75	16/61 r
Paris	18/64	9/48 sh	17/62	8/46 pc
Prague	24/75	11/52 pc	22/71	8/46 pc
Reykjavik	13/55	8/46 r	15/59	11/52 pc
Riga	30/86	18/64 pc	26/82	17/62 r
Rome	25/77	16/61 pc	27/80	19/64 pc
St. Petersburg	28/82	17/62 s	28/82	20/68 s
Stockholm	27/80	18/64 pc	26/79	17/62 sh
Strasbourg	18/64	10/50 sh	19/66	8/46 c
Tallinn	31/88	17/62 pc	29/84	19/66 sh
Tbilisi	30/86	19/66 c	30/86	20/68 c
Venice	23/73	14/57 pc	24/75	16/59 pc
Vienna	24/75	14/57 pc	24/75	16/61 pc
Warsaw	27/80	16/61 sh	24/75	14/57 pc
Zurich	19/64	9/48 sh	20/68	8/46 c

Middle East

Abu Dhabi	36/97	26/79 s	37/99	24/75 r
Beirut	26/79	20/68 s	28/82	21/70 pc
Cairo	37/99	21/70 s	36/97	21/70 pc
Damascus	30/86	13/55 s	29/82	16/61 s
Jerusalem	28/82	14/57 s	29/82	19/61 pc
Luxor	44/111	20/68 s	42/107	22/71 sh
Riyadh	41/106	26/79 s	40/104	25/77 s

North America

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Anchorage	21/70	12/53 pc	19/66	12/53 pc
Atlanta	30/86	22/71 pc	34/93	23/71 pc
Boston	31/88	19/66 s	25/77	18/64 pc
Chicago	33/91	19/66 s	29/84	17/62 pc
Dallas	37/99	24/75 s	37/99	24/75 s
Denver	35/97	13/55 s	31/88	13/55 s
Detroit	31/88	18/64 pc	29/84	17/62 t
Honolulu	29/82	20/68 s	29/84	21/70 pc
Houston	36/97	23/73 s	36/97	24/75 s
Los Angeles	26/79	13/55 s	30/86	15/59 pc
Miami	33/91	24/75 t	32/89	24/75 pc
Minneapolis	31/88	19/66 pc	22/71	13/55 t
Montreal	30/86	19/66 pc	28/82	20/68 sh
Nassau	32/89	22/71 s	32/89	24/75 pc
New York	29/82	22/71 c	29/84	22/71 c
Orlando	34/93	23/73 t	32/89	23/73 pc
Phoenix	42/107	26/79 s	43/109	27/80 s
San Fran.	22/71	12/53 s	20/68	12/53 pc
Seattle	20/68	11/52 c	21/70	12/53 pc
Toronto	26/79	18/64 t	28/82	17/62 pc
Vancouver	17/62	9/48 sh	19/66	12/53 pc
Washington	29/84	22/71 sh	29/84	22/71 c

Asia

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Almaty	36/97	16/61 s	34/93	18/64 s
Bali	32/89	22/71 pc	29/84	21/70 r
Bangkok	32/89	24/75 sh	32/89	26/79 pc
Beijing	31/88	22/71 pc	35/95	27/80 pc
Bombay	31/88	26/79 t	30/86	25/77 t
Calcutta	32/89	24/75 r	31/88	26/79 t
Chiang Mai	33/91	23/73 sh	32/89	24/75 pc
Colombo	31/88	25/77 pc	30/86	25/77 pc
Hanoi	31/88	27/80 r	31/88	27/80 c
Ho Chi Minh	33/91	24/75 pc	33/91	24/75 pc
Hong Kong	29/84	25/77 c	29/84	25/77 c
Islamabad	41/106	26/79 s	42/107	24/75 t
Jakarta	31/88	23/73 pc	30/86	23/73 pc
Karachi	34/93	27/80 s	34/93	26/79 sh
K Lumpur	32/89	23/73 pc	31/88	23/73 c
K Kinabalu	30/86	23/73 pc	30/86	23/73 pc
Manila	32/89	24/75 pc	32/89	24/75 pc
New Delhi	43/109	31/88 s	39/100	27/80 sh
Phnom Penh	32/89	23/73 pc	32/89	24/75 pc
Phuket	32/89	24/75 sh	32/89	26/79 pc
Rangoon	32/89	24/75 sh	32/89	25/77 pc
Seoul	28/79	21/70 t	31/88	23/73 pc
Shanghai	31/88	26/79 r	31/88	24/75 pc
Singapore	31/88	22/71 pc	31/88	22/71 pc
Taipei	31/88	24/75 r	31/88	24/75 c
Tokyo	26/79	23/73 c	27/80	23/73 c
Vientiane	31/88	27/80 r	30/86	27/80 c

Africa

Algiers	27/80	17/62 s	29/84	17/62 sh
Cape Town	15/59	10/50 c	18/64	7/44 sh
Casablanca	21/70	13/55 s	20/68	17/62 pc
Harare	24/75	12/53 pc	25/77	12/55 s
Lagos	28/82	23/73 sh	28/82	23/73 c
Nairobi	24/75	11/52 c	24/75	12/53 pc
Tunis	29/82	18/64 pc	34/93	21/70 s

Latin America

Buenos Aires	19/66	-3/27 pc	7/44	-1/31 pc
Caracas	30/86	24/75 pc	31/88	24/75 pc
Lima	20/68	17/62 c	21/70	17/62 pc
Mexico City	23/73	13/55 c	25/77	13/55 pc
Rio deJaneiro	26/79	19/66 pc	26/79	21/70 pc
Santiago	12/53	-1/31 pc	10/50	-1/31 pc

Oceania

Auckland	15/59	12/53 r	13/55	11/52 sh
Sydney	14/57	10/50 r	13/55	7/44 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, I-ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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THE AMERICAS

'79 Oscar-Winner Stirs Oklahoma Tempest

By Lois Romano
Washington Post Service

TULSA, Oklahoma — For Bob Anderson, it was nothing short of divine providence that he was listening to a Christian radio station when the talk-show host began a lengthy diatribe against the Oscar-winning German film "The Tin Drum."

"He said it could be judged pornographic," said Mr. Anderson, director of Oklahomans for Children and Families, "and that's all I needed to hear."

Within 72 hours, Mr. Anderson, 67, managed to get Oklahoma City law-enforcement authorities and a judge to agree that the 1979 anti-Nazi film considered high art for nearly two decades violated state obscenity laws and was in fact contraband.

The result was a bizarre police raid on video stores and private homes last week, which has created a run on the *critically acclaimed film and set off a* continuing furor and media frenzy that even has the state judge distancing himself from the episode.

"It was just an advisory opinion," explained the besieged Oklahoma County district judge, Richard Freeman, who said the police asked him to confirm that a scene of a young boy engaging in oral sex with a teenage girl violated the state's obscenity statute. *Set in wartime Germany, the story is an* allegorical tale of a young boy named Oskar who — faced with Nazi horrors — literally refuses to grow up.

"There is no force of law behind it," Judge Freeman added. "I wasn't out to set any precedents here."

But last week, plainclothes police officers acted on Judge Freeman's opinion and seized copies of the movie from six Oklahoma City video-rental outlets, and went so far as to knock on the doors of at *least two Blockbuster customers to con*fiscate their copies.

One of the customers happened to be an American Civil Liberties Union official who rented the film because he had heard that Mr. Anderson's group — a conservative organization that targets pornography — had the film in its sights. Michael Camfield, director of development for the state chapter of the American Civil Liberties Union, said Block*buster gave his name to three police* officers, who showed up at his home and asked for the film. Mr. Camfield gave it to them and immediately filed a complaint with the civil-rights organization.

Since then, said Joann Bell, executive director of the American Civil Liberties Union of Oklahoma, the organization has been inundated with messages of support from around the United States and calls from reporters from Germany.

Over the weekend, "The Tin Drum's" director, Volker Schlondorff, weighed in with a humorous statement faxed to the Tulsa World. He suggested that the police might also want to round up the Gunter Grass novel, from which the film was adapted, "in all public libraries as well as in all private homes worldwide. A few million copies, I guess."

While legal experts agree that the film could violate state pornography statues, they also say the parties acted precipitously.

Lawyers and officials for the civil-rights group have met to discuss their options, including filing suit on grounds that the police and video store may have violated the federally protected privacy rights of the store's patrons. In addition, there is a question of whether a U.S. Supreme Court First Amendment decision — which says that artistic merit should be considered when defining obscenity — could affect the interpretation of state law.

"No one disputes that child pornography is evil, but we cannot turn our cultural decisions over to people who would put a fig leaf in front of a Michelangelo statue," said Michael Salem, an attorney for the Oklahoma civil-rights group. Furthermore, Mr. Salem said, "it is a violation of federal law to acquire the records of a customer at a video store without a court order or a search warrant."

Mr. Salem is referring to the 1988 Video Privacy Protection Act, which prohibits anyone from obtaining or divulging information about customers without their explicit written permission.

*Jonathan Baskin, senior vice presi*dent for corporate communications at Blockbuster, said the video giant was investigating what happened at a par*ticular Oklahoma City store, one of* 6,000 across the United States.

"It is a company policy never to give out names," said Mr. Baskin, who did *not dispute that employees turned over* the identities of the customers. "We take this very seriously. This is not only a legal issue for us — it's a moral issue. The *employees know the policy. We don't* know yet what went on in the store."

A Tulsa district attorney, Bill LaFortune — alarmed by the situation in Oklahoma City — said he tried to rent a copy of the movie last Friday to make his own determination if it violated state pornography laws. He was told that the one copy owned by the public library had been checked out only eight times in the last 12 years — but now there was a waiting list of 10 people for it. He also could not locate a copy at any video store in the city, so he sent an investigator to the district attorney's office in Oklahoma City — which, of course, had plenty of confiscated copies on hand.

Mr. LaFortune, who has asked an assistant to view the film, said that if the video does depict a child under 18 in an explicit act, it could violate state law. But he said he would not be doing any roundups anytime soon.

"We're going to proceed very cautiously," the district attorney said, noting that he would have to consider Supreme Court precedent on what constitutes art versus obscenity before taking any action.

At issue, he said, are two landmark opinions: a 1973 ruling that said ob*scenity could be legally defined as* something that appealed to prurient interest in sex, and lacked "serious literary, artistic, political or scientific value," and a 1982 *case that set a tighter standard for* defining obscenity when it involved children engaged in sexual acts in films.

Bob Anderson, meanwhile, feels a *great sense of satisfaction. He said it all* started when the religious broadcaster took up the cause of a Pennsylvania college student who was offended when a professor asked the class to view and critique the movie. As a volunteer for the nonprofit Oklahoma City-based group, Mr. Anderson said he spent much of his time aggressively pursuing what he viewed as sexually explicit materials — particularly on the Internet.

"Any child could have checked it out of the library," he said of the film. "We owe our children more protection than that."



New World Pictures

David Bennent playing Oskar, the main character of "The Tin Drum."

Aid Programs Aim to Help Poor Get Work

By Jason Deparle
New York Times Service

WASHINGTON — *The 62-year-old* U.S. welfare system, condemned last year by federal law, will formally die Tuesday, giving rise to a decentralized system of programs that can be summarized in a word: work.

States are demanding that recipients find work faster, keep it longer and perform it as a condition of aid. Recipients who break the rules are facing penalties of unprecedented severity.

But the hard edge also has a softer side. Operating on the assumption that work requires support, many states are investing in work-related services.

Near-record increases for child care head the list, but states are also spending more on transportation, job placement and programs that let working recipients keep more of their benefits even while earning paychecks.

The result is a system that is evolving from a national safety net into a series of state trampolines. These are considered to be better equipped to lift the needy into the job market, but much less certain to catch them — or their children — during the inevitable slips and falls.

The interesting development is what has not taken place. Critics of a state-driven system have worried about a "race to the bottom," in which strapped state governments cut eligibility and benefits to drive the poor away. While that remains a concern should the economy falters, it has not happened yet.

"Some people predicted it'd be a disaster," said Donna Shalala, the secretary of health and human services. "But I see governors taking the extra money they've been given and using at least some of it to provide resources to help people work."

The new system will provide states with about $2 billion more this year than they otherwise would have had, according to a rough estimate by the House Ways and Means Committee. The reason is that Washington now sends the states fixed payments based on the welfare population of earlier years, even though the rolls are plummeting.

The government is also giving states an additional $600 million this year for child care. Added together, the new federal money represents an increase of about 16 percent, or an additional $650 for every family in the program.



Jose Goitia/The Associated Press

END OF A BAN — Cubans outside the Roman Catholic cathedral in Havana cheering Cardinal Jaime Ortega at the first open-air Mass allowed in Cuba in 36 years. Pope John Paul II is to visit Cuba in 1998.

Away From Politics

• **Two people, a man and a woman, were killed and 12 people were injured during an outing of a class of** mountaineering students at the University of Alaska in Anchorage. The students were descending a snowfield *in the Chugach Mountains when they* slid on a 60-degree slope into a field 1,000 feet (300 meters) below. The accident occurred Sunday on Ptarmigan Peak, 16 miles (25 kilometers) southeast of Anchorage. *(AP)*

• **NASA has only a 10 percent chance of launching** the space shuttle Columbia on Tuesday afternoon, according to weathermen for the National Aeronautics and Space Administration. They said the launching could be held up by thunderstorms. A shuttle weatherman said Monday that weather conditions could be severe on Tuesday and Wednesday, requiring Columbia to remain covered on the pad at Cape Canaveral, Florida. He said the weather was not expected to improve much until Thursday. *(AP)*

• **A 7-year-old boy riding in a car with his father, was shot and killed,** *apparently in a drive-by shooting out*side a fast-food restaurant in southeast Washington. The police said the gunman appeared to be firing directly at the car Sunday that carried Dennis Ashton Jr. But they said it was unclear whom he intended to shoot. *(WP)*

• **A diverse group of people took part in the 27th annual gay pride parade** in San Francisco. The participants included grandmothers in sweat clothes, male cheerleaders in drag and politicians in suits. "One Community, Many Faces" was the theme on Sunday as about 500,000 people marched down Market Street and lined the parade route, laughing, dancing and distributing condoms to celebrate their sexuality. There were similar festivities on Fifth Avenue in New York. *(AP)*

In a Folksy Visit to Iowa, Gore Acts Like Candidate

By Richard L. Berke
New York Times Service

DES MOINES, Iowa — When Senator Al Gore ran in the Democratic *presidential primaries in 1988, he never* found his footing in this crucial early battleground. So he dismantled his flagging campaign here and condemned the *early caucuses in "the small state of* Iowa" as "madness."

But this weekend, Vice President Al Gore left no doubt of his political awakening.

"I love Iowa," he assured voters. Recalling the 1989 film "Field of Dreams," Mr. Gore told the audience in the rural community of Prairie City, "Is this heaven? To which Kevin Costner replies, 'No, it's Iowa.' "

And to fit in, Mr. Gore changed his outfit at least three times in one day — from the standard blue suit and red tie to open casual shirt and khakis and back again — depending on the audience.

Despite his protestations about it being "way too early," Mr. Gore is running for president. And he is running hard. As Mr. Gore's 16-vehicle motorcade snaked around this state Saturday, the route looked like a road map of Democratic constituencies vital to combatants in the caucuses here in the year 2000: unions, farmers, environmentalists and Democratic organizers. He traded his White House-issue limousine for a Chevrolet Suburban sport vehicle.

This was Mr. Gore's first trip to Iowa since last year's election, and his aggressive — and early — courtship un*derscores how, unlike in 1988, the vice* president views this state as crucial to his presidential ambitions. Mr. Gore's advisers also said they were preparing *for a relentless competition with Rep*resentative Dick Gephardt of Missouri, the House minority leader, who is already mobilizing his operation in the *state, and who won the caucuses here in* 1988. Mr. Gore placed dead last, with less than 1 percent.

It did not matter that Mr. Gore has not overtly announced his run for president: His carefully orchestrated appearances here, replete with American flags and picturesque backdrops for the cameras, had more the feel and content of partisan campaign events than White House courtesy visits.

Sounding less buttoned-down than when he is in the capital, Mr. Gore liberally addressed audiences as "y'all." And he referred repeatedly to the fruits of his administration's eco*nomic policies as helping to bring about* Iowa's "astonishing 3.3 percent unemployment rate."

At stop after stop, Mr. Gore buttered *up one of his traveling companions,* Representative Leonard Boswell of Iowa, telling audiences that the freshman was "fantastic" and "wonderful" *— and off to one of the swiftest starts of* any congressman in history. It was not that Mr. Gore was rewarding an old friend. That is the problem: Mr. Boswell *is a longtime ally of Mr. Gephardt, and* Mr. Gore wants to win him over.

Mr. Boswell insisted that it was too soon to take sides. Reminded of his prediction that Mr. Gephardt could take the state, Mr. Boswell replied, "He's won here before."

Not easily discouraged, Mr. Gore plunged into campaign overdrive Saturday, careful not to skip any important constituent groups:

In Johnston, at the headquarters of Pioneer Hi-Bred, an agriculture research company, Mr. Gore trudged through corn and soybean fields. He scored points with farmers by mentioning that as vice president he broke a tie in the Senate to preserve ethanol subsidies.

In Prairie City, at the dedication of the Neal Smith Prairie Learning Center at a wildlife refuge, Mr. Gore looked on with a smile as Mr. Smith, a former congressman, proclaimed him "a world leader in environmental affairs."

And in Indianola, at a Democratic field training conference at Simpson College, Mr. Gore delivered a stump *speech worthy of a candidate in the final* throes of a campaign. After thanking the audience for re-electing him and President Bill Clinton, saying it was "really *important," the vice president implored* the workers to look toward 1998 and beyond: "Fight and organize and register people to vote!"

Mr. Gore was not defensive when asked at the taping of a public television program about the uproar over his fund-raising activities in the 1996 campaign.

He got off one good quip when he recalled his fleeting campaign here in 1988 to the audience at the state convention of the American Federation of State, County and Municipal Employees in Des Moines: "It's no secret that I ran for president in 1988, although it seemed like one at the time."

Not this time around. Mr. Gore's worst kept secret is his presidential campaign in Iowa.

POLITICAL NOTES

Setback for Campaign Reform

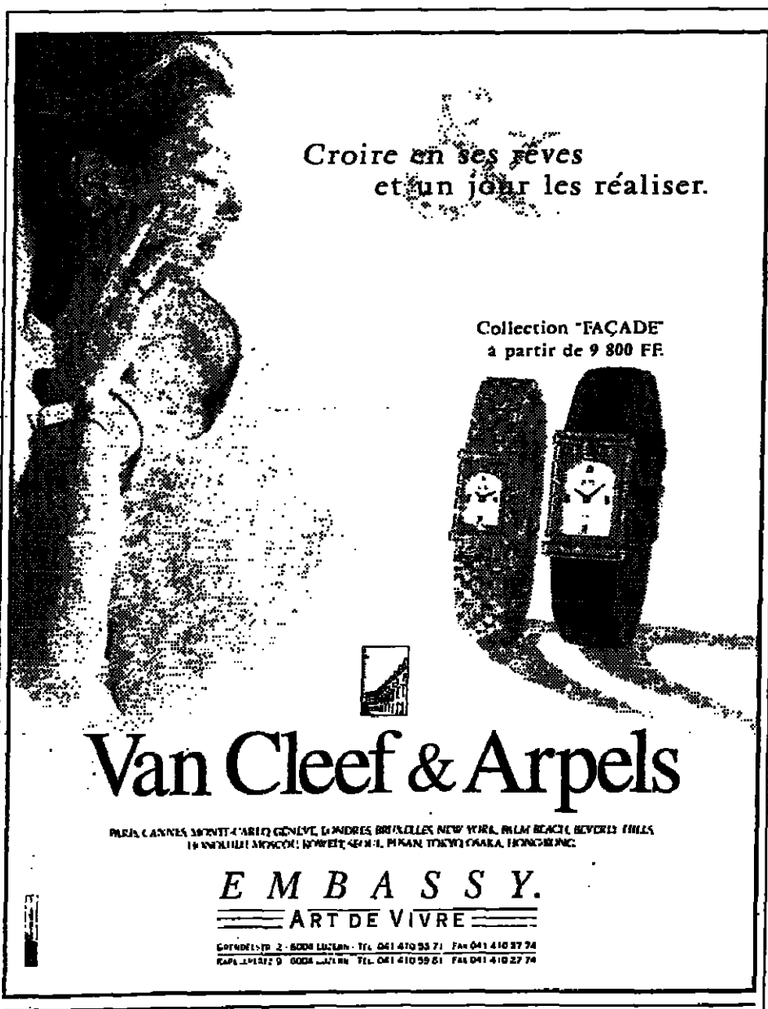
WASHINGTON — The prospects for any campaign spending legislation have suffered another blow as House Republican leaders have persuaded their freshmen to stop cooperating with Democrats on a bill to prohibit "soft" money, which is raised outside of federal limits on amounts and sources of funds.

The leaders — including Representatives Tom DeLay of Texas, the majority whip; John Linder of Georgia, chairman of the National Republican Congressional Committee, and Bill Paxon of New York — said their party would be hurt by curbing soft money unless political efforts by unions were also curbed.

Representative Bill Thomas of California, chairman of the House Oversight Committee, said he was disappointed. Mr. Thomas said he had hoped to use the freshman initiative as a starting point to bring an incremental campaign bill to the House floor. *(NYT)*

Quote/Unquote

Senator Connie Mack of Florida, chairman of the Senate Republican Conference, on the compromise on the tax bill: "It was the first time in a long time that there was an effort to be truly bipartisan. Things were rejected in the past simply because they were offered by Republicans or Democrats. This is just not occurring here. People see an opportunity to get something done." *(WP)*



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Russia to Offer Japan 'Concrete' Kurils Plan

Agence France-Presse

HONG KONG — Foreign Minister Yevgeni Primakov of Russia told Foreign Minister Yukihiko Ikeda of Japan on Monday that Moscow would offer concrete plans for jointly developing the disputed Kuril Islands, Japanese officials said in Hong Kong.

A Japanese Foreign Ministry spokesman said the offer was made during talks between the two ministers ahead of ceremonies marking Hong Kong's transition at midnight Monday from British to Chinese rule.

During the talks, the spokesman said, Mr. Primakov reiterated Russia's plan to develop the islands off the Japanese island of Hokkaido through joint economic activities.

But Mr. Ikeda replied that Japan "cannot accept" such plans as they assume Russian sovereignty as a precondition for joint development activities.

The Russian foreign minister replied that Moscow would develop "concrete proposals" for developing the disputed area, the spokesman said in Hong Kong.

Known as the Northern Territories in Japan, the islands were occupied by Soviet troops in the closing days of World War II.

Failure to resolve the territorial dispute has prevented the two countries from signing a peace treaty.

The spokesman said the two ministers also discussed a proposal to set up a Japanese representative office in Yuzhno-Sakhalinsk, the main city on the Russian island of Sakhalin north of Hokkaido.

In addition, the two sides agreed to take steps to prevent recurrences of incidents such as one last week in which Russian vessels fired warning shots at four Japanese fishing boats in Russian waters near the disputed islands.

"The shooting last week is an incident that could undermine the atmosphere of the bilateral dialogue," Mr. Ikeda was quoted by the spokesman as having said.

Mr. Primakov, speaking with NTV television in Moscow, said that the two sides had agreed "to make further progress toward improving relations" by building on the rapprochement achieved at the Summit of the Eight in Denver two weeks ago.

On the economic front, Mr. Primakov continued, "this means Japan should be making huge investments" in Sakhalin oil and gas projects "along with joint economic activities on the Kuril Islands."

In one project, companies plan to develop offshore reserves of 2.2 billion barrels of oil and 15 trillion cubic feet of gas. In the second, reserves are estimated at 1 billion barrels of oil and 13 trillion cubic feet of gas.

A Russian Foreign Ministry official, meanwhile, confirmed that President Boris Yeltsin would talk later this year with Prime Minister Ryutaro Hashimoto of Japan, the Itar-Tass news agency reported.

In Denver, Mr. Hashimoto proposed a meeting with Mr. Yeltsin in the Far East or Siberia for an informal weekend of talks "without neckties."

Prime Minister Viktor Chernomyrdin of Russia will also pay his first official visit to Japan later this year, the ministry official said.



Shizuo Kambayashi/The Associated Press

Children being escorted to school Monday in Kobe, Japan, where a 14-year-old boy was arrested Saturday for the murder of another youth.

Suspect in Beheading Tied to Other Attacks

By Sheryl WuDunn
New York Times Service

TOKYO — As people throughout Japan pondered the shocking news that a 14-year-old boy had been arrested for the slaying and beheading of an even younger boy, reports have linked the teenager to two previous attacks against children.

Japanese news organizations reported Sunday, apparently on the basis of a confidential police briefing, that the arrested teenager had confessed to attacking two girls, age 9 and 10, earlier this year.

The 10-year-old died of stab wounds in the head, and the other girl was seriously wounded.

The police said Saturday that the suspect, who has not been identified because of his age, had confessed to the killing last month of 11-year-old Jun Hase.

Jun's head was cut off and left early one morning on the front gate of a junior high school in the most gruesome slaying in Japan in memory.

The 14-year-old suspect, a ninth grade student, was arrested Saturday and is being interrogated by the police.

The authorities have said little about him, other than that Jun was a neighbor of his in Kobe, where the attacks occurred.

The killings of Jun and of the 10-year-old girl, Ayaka Yamashita, fanned concerns that the moral fabric of the young is beginning to fray.

Prime Minister Ryutaro Hashimoto said Sunday that it was "disgusting" to hear that the arrested boy is about the same age as his grandchildren.

"I cannot find words to describe it," he told reporters.

The crimes are regarded as particularly shocking and sensational because of the way the killer taunted the police and threatened in a note to kill more people to take revenge on the "compulsory education system."

"This is just the beginning of the game," he wrote in a note that was stuffed in Jun's mouth.

"Stupid police, stop me if you can," the note said. "It's great fun for me to kill people."

The Japanese Education minister, Takashi Kosugi, issued a statement Saturday, suggesting that he will examine what teachers, family and local communities can do about such incidents.

Many Japanese have been particularly horrified because the boy who was arrested seems to have come from an ordinary middle-class background, according to news reports.

He is apparently the oldest of three sons.

There has been no comment from his family. Jun's parents put a note on their door, which was staked out by reporters, saying they did not wish to say anything about the arrest.

Jun was apparently a classmate of one of the suspect's younger brothers, and they occasionally played together, the Japanese newspaper Sankei Shimbun said.

The newspaper described the arrested boy as a physically small and "cheerful" boy who had recently turned "a bit gloomy."

Newspapers quoted police sources as saying that they questioned the boy because he was linked to the mutilations and killings of cats and pigeons in the area.

He had assaulted a friend for telling other schoolmates about the cats, and the police thought there might be a connection to the attack on Jun.

BRIEFLY

Japanese Soothe China on U.S. Pact

HONG KONG — Japan has promised China that it will be more open about its security pact with the United States, the Chinese Foreign Ministry said Monday.

Foreign Minister Qian Qichen of China and the Japanese foreign minister, Yukihiko Ikeda, talked in Hong Kong, where they are attending the ceremony marking the British colony's handover to China.

Washington and Tokyo agreed to widen potential military cooperation — a sensitive issue for China because it suffered hugely under the Japanese military occupation of the 1930s and 1940s. *(Reuters)*

Manila Destroys Spratly Structures

MANILA — The Philippines has torn down new structures that it asserted China had built near the disputed Spratly Islands, military officials said Monday.

The officials said Defense Secretary Renato de Villa told the cabinet that the military had removed concrete slabs and cylindrical buoys.

The structures were found on a rocky outcrop called Sabina Shoal, 120 kilometers (75 miles) west of the southwestern Philippine island of Palawan.

The Spratlys are a cluster of islands, reefs and atolls in the South China Sea that are believed to sit atop huge oil reserves. They are also claimed by Brunei, Malaysia, Taiwan and Vietnam. *(Reuters)*

Police Disperse Protesters in India

NEW DELHI — The police used water cannon Monday to disperse about 400 Muslim demonstrators who were protesting the arrest of a Shiite leader who has led a campaign in Lucknow to end a 20-year ban on a religious procession.

The demonstration followed the arrest Sunday of Maulana Kalbe Jawwad in Lucknow, where the authorities banned an annual procession in 1977 after about 15 people were killed in clashes between Shiite and Sunni Muslims.

The police have been deployed across Lucknow, capital of Uttar Pradesh Province, to enforce a curfew. *(Reuters)*

2 North Korean Officials Defect to South

Reuters

SEOUL — A North Korean energy official has defected to South Korea along with his wife, daughter and a colleague, Foreign Ministry officials in Seoul said Monday.

The defectors were identified as Min Mun Sik, 48, an official at North Korea's coal industry ministry, his wife, his 15-year-old daughter and Lee Song Ho, a translator at the ministry.

Mr. Min and Mr. Lee were working on a joint energy venture in a country in the Commonwealth of Independent States when they sought defection to the South, another Foreign Ministry official said.

No details were given about when and how the defections took place.

North Korea has been suffering from an acute energy shortage, which has forced more than 70 percent the country's factories to stay idle, according to Seoul officials.

Seoul government officials said that 40 to 50 North Koreans had defected annually since 1994.

About 50 North Korean defectors have arrived in the South so far this year, according to intelligence officials.

■ North Approves Exhumations

North Korea said Monday that starting in July it would conduct exhumations of remains of U.S. soldiers missing in action during the 1950-53 Korean War in a joint effort with the United States, Reuters reported from Tokyo.

Pyongyang's official Korean Central News Agency said bilateral talks on the exhumations took place in New York from June 25 to 27 based on an agreement reached in May.

The three rounds of exhumations would take place in Unsan County of North Phyongan Province in July, September and October, the agency said in the report, which was monitored in Tokyo.

There are 8,100 U.S. troops still listed as missing in the Korean War.

Bombing Kills 8 On Bus in Pakistan

Reuters

LAHORE, Pakistan — Eight people were killed and 21 were wounded when a bomb tore through a bus near the city of Sialkot in Punjab Province on Monday, the police said.

The police said nine passengers were being treated at the Allama Iqbal Hospital in Sailkot.

The explosion went off at 6:15 A.M. on a bus traveling to Sialkot from Lakhanal, near the Indian border. Many of the passengers were day laborers, doctors said.

There was no immediate claim of responsibility for the blast and no word on its motive.

The police had detained about 500 Sunni and Shiite Muslim militants in Punjab Province on Sunday as part of efforts to quell a wave of sectarian unrest, officials in Lahore said. More than 400 people were released after questioning and 92 were detained for further investigation, they said.

The Punjab provincial government ordered the crackdown following a spate of killings among rival religious groups. On Sunday, gunmen killed at least five people, four of them in a mosque, in Lahore. A Shiite lawyer was wounded in the southern Punjab town of Dera Ghazi Khan on Monday.

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BOOKS

NEWS OF A KIDNAPPING

By Gabriel Garcia Marquez. Translated by Edith Grossman. 291 pages. $25. Alfred A. Knopf.

Reviewed by Michiko Kakutani

CONSIDER the place described in Gabriel Garcia Marquez's harrowing new book. It's a country in thrall to drug dealers and terrorists, a country where four presidential candidates have been brutally killed.

One of its cities is known as the most dangerous in the world: There are some 20 murders a day in its streets, and a massacre every four days. Within months, nearly 500 police officers have been killed, thanks to a bounty offered by a narcotics kingpin. While that drug lord has a reputation as a ruthless killer who has blown up cars, shopping centers and a jetliner, he is regarded by some as a kind of Robin Hood, renowned for his charitable work among the poor.

Politicians, businessmen, journalists and ordinary freeloaders, Garcia Marquez observes, all made the pilgrimage to the estate where the drug lord "kept a zoo with giraffes and hippos brought over from Africa, and where the entrance displayed, as if it were a national monument, the small plane used to export the first shipment of cocaine."

Though such descriptions sound as if they belong in one of Garcia Marquez's fantastical novels, they actually come from "News of a Kidnapping," his new nonfiction book. The volume chronicles the 1990 kidnapping of nine journalists by the powerful Medellin cocaine cartel and the events that eventually led to the surrender of the cartel's leader, the notorious Pablo Escobar.

"News of a Kidnapping" not only provides a fascinating anatomy of "one episode in the biblical holocaust that has been consuming Colombia for more than 20 years," but also offers the reader new insights into the surreal history of Garcia Marquez's native country. Indeed, the reader is reminded by this book that the magical realism employed by Garcia Marquez and other Latin American novelists is in part a narrative strategy for grappling with a social reality so hallucinatory, so irrational that it defies ordinary naturalistic description.

One gradually picks up an understanding of recent Columbian history through osmosis, even as one is plunged, in medias res, into the frightening series of events that began in the summer of 1990, a mere three weeks after President Cesar Gaviria took office. Fearful of being sent to the United States to stand trial, Escobar and his followers, the so-called "Extraditables," had begun to pressure the Colombian government into meeting their demands.

"The traffickers — terrified by the long, worldwide reach of the United States — realized that the safest place for them was Colombia," writes Garcia Marquez, "and they went underground, fugitives inside their own country. The great irony was that their only alternative was to place themselves under the protection of the state to save their own skins. And so they attempted — by persuasion and by force — to obtain that protection by engaging in indiscriminate, merciless terrorism and, at the same time, by offering to surrender to the authorities and bring home and invest their capital in Colombia, on the sole condition that they not be extradited."

In an attempt to pressure the government and press, the Extraditables began kidnapping journalists, including Diana Turbay, publisher of the news magazine Hoy por Hoy and daughter of former President Julio Cesar Turbay Ayala; Francisco Santos, news editor of Colombia's best-selling newspaper, El Tiempo, and Maruja Pachon, a former television producer and wife of the politician Alberto Villamizar.

Garcia Marquez shows us the bonds some of the hostages developed with their guards: hapless young men, fearful for their own lives. And he also shows us the incongruities of the hostages' captivity; they were housed in rented rooms, in the middle of busy city neighborhoods, only yards from freedom and ordinary life.

At the same time, Garcia Marquez traces the strenuous efforts of family members to win the hostages' release. As he tells it, Villamizar's role was by far the most dramatic: In addition to working tirelessly for his wife's release, he also played a crucial role in negotiations leading to Escobar's surrender in 1991 in return for lenient punishment. (In 1992, he escaped from his luxurious prison; in 1993, he died in a gunfight with security forces in Medellin.)

While the language in "News of a Kidnapping" is reportorial, even flat, a far cry indeed from the luxuriant prose of the author's novels, the narrative possesses all the drama and emotional resonance of Garcia Marquez's most powerful fiction.

Michiko Kakutani is on the staff of The New York Times.

CHESS

By Robert Byrne

THE St. Petersburg Grandmasters Tournament was a homecoming for illustrious alumni. Only those who grew up in the city were invited to enter the round-robin event of a dozen grandmasters. Of the three who shared first place, Viktor Korchnoi has been a Swiss citizen for many years, Valeri Salov has been residing in Spain while retaining his Russian citizenship, and Alexander Khalifman lives in St. Petersburg, after a sojourn in Germany. The each tallied 7-4 in a salute to the place — it was then Leningrad — where they received their excellent training.

Korchnoi, at 66 the dean of the roster, won the best-played-game prize for his effort against Peter Svidler, winner of several recent Russian championships. One could not tell from the winner's sharp, dynamic, deeply calculated play that he was old enough to be his opponent's father — and then some.

In the Classical Variation of the King's Indian Defense, 7...Nbd7 does not challenge the white center as 7...Nc6 does, but it also does not permit 8 d5 with a gain of tempo. It is thus calmer and does not generate such sharp counterattacks as its alternative.

After 9 Qc2, Black cannot improve his position except by 9...Ng4 10 Bg5 f6 11 Bd2 c6, preparing for ...f5. White's plan is to lure this advance early, when it cannot be backed up by an attack and could loosen the black position.

After 12 d5!, it might have been best for Svidler to block the queenside and center with 12...c5, even though he would have to pay attention to Korchnoi's possible attack with a3 and b4.

Korchnoi's 15 c5! was the bright tactical point of his strategy to break through on the queenside ahead of the expected black mating attack. Seizing a pawn with 15...dc would prove weak for Black after 16 dc bc (16...b6 17 Bc4 Kh8 18 Nd5 Nd5 19 Bd5 yields White a clear advantage with superior piece placement and a nice passed c6 pawn) 17 Na4, which will soon recover the sacrifice with pressure on the c file.

With 21 Qc5, the invasion of the black position began. Korchnoi carried it through with great verve.

After 23 Nf7, Svidler avoided 23...Kh7 24 Bb4 Nd5 25 Bf8 Ne3 26 Bg7 Kg7 27 Ne5 Nf1 28 Kf1, which gives White a decisive one-pawn advantage. In this line, 24...Re8 25 Nd6 Nd5 26 Ne8 Nb4 27 Rc7 also wins material for White.

After 23...Kg8, Korchnoi laid on the pressure with 24 Bb3!, letting Svidler take a piece with 24...Rf7 to give him time to penetrate to the seventh rank with 25 Rc7.

Korchnoi's 27 Rfc1 threatened 28 Bf7 Kf7 29 Be7 30 Rc8 with the decisive advantage of a rook for a bishop. Svidler warded that off with 27...a5 28 Ba3 b5, when 29 Bf7? would let Black escape with 29...b4! But Korchnoi renewed his attack with 29 Bc5.

After 29...Ba6, Korchnoi decided the game in Capablanca style with 30 Bf7 Kf7 31 h5! Svidler saw that 31...gh 32 Be7 Be7 33 R1c6 b4 34 Rh6 Kg7 35 Re6 would win easily, and he gave up.

KING'S INDIAN DEFENSE

White Korchnoi	Black Svidler	White Korchnoi	Black Svidler
1 d4	Nf6	16 Nd5	Nd5
2 c4	g6	17 Bc4	f4
3 Nc3	Bg7	18 Bd5	Kh8
4 e4	0-0	18 h4	dc
5 Be2	d6	20 Rac1	Ng8
6 Nf3	e5	21 Qc5	h6
7 0-0	Nbd7	22 Qe7	Ne7
8 Be3	Qe7	23 Nf7	Kg8
9 Qc2	Ng4	24 Bb3	Rf7
10 Bg5	f6	25 Rc7	Bf6
11 Bd2	c6	26 Bb4	Kg7
12 d5	f5	27 Rfc1	a5
13 Ng5	Ndf6	28 Ba3	b5
14 f3	Nh6	29 Bc5	Ba6
15 c5	cd	30 Bf7	Kf7
		31 h5	Resigns

Personals

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EUROPE

Opposition Wins Albania Vote

President Accepts Poll and Stresses Democracy

Compiled by Our Staff From Dispatches

TIRANA — President Sali Berisha of Albania conceded Monday that his Democratic Party had lost its governing majority in the legislative elections held Sunday.

Mr. Berisha promised that he would respect the outcome.

No official results were available on Monday. But the opposition Socialists had already proclaimed themselves the clear victors.

The elections, carried out in an impoverished country torn by anarchy and armed disorders for several months, were marred by sporadic violence and at least one death.

In a television address, President Berisha promised that, although the elections had taken place "in a very abnormal" situation, "I will accept the result and I will respect all the declarations I have made."

That would most likely mean that he will resign as president, as he promised in March when he called the elections in an effort to end anarchy throughout the Balkan nation.

But Mr. Berisha stopped short Monday of announcing that he would resign.

But the Socialist Party leader, Fatos Nano, called on Mr. Berisha to resign immediately.

Mr. Nano, whose party heads the three-party opposition coalition, said the Socialists had taken 63 of a possible 115 seats in the first round. The second round of voting will be held next Sunday to complete the process of choosing new members of Parliament.

President Berisha told television viewers that his party, while in opposition, would work to "consolidate democracy, its values and its laws."

"The vote and the verdict of the people will be respected, as I will keep my promises," he added, in what was interpreted as a broad hint that he would honor his pre-election vow to step down if the vote went against him.

Sources close to the presidency, while insisting that he would honor his pledge, said Mr. Berisha would wait for the official results before making a further announcement.

He has refused in the past to consider forming a coalition with the Socialists.

The results of the voting were recognized by a Council of Europe group of observers sent to monitor the vote.

In a joint statement, the group said the vote "can be the basis of a democratic stable democratic system which all Albanians want and deserve."

Catherine Lalumiere, head of the 500 election observers dispatched by the Organization for Security and Cooperation in Europe, said in a preliminary assessment on Monday that "the elections can be considered as adequate and acceptable at this stage."

"Voters were generally able to cast their ballots without fear or intimidation, although there are reports of some serious problems with the counting process in a few zones," she said in a statement.

In general, she added, the electoral commissions appeared to have been "correct and nonpartisan" in supervising the voting.

Mr. Nano said at his press conference, "Nobody in Albania today need feel like the loser."

He paid tribute to the "civilized silence" of the defeated Democratic Party and its supporters, and said he hoped that the "civilized silence would also be respected by certain armed elements including the Presidential Guard."

Preliminary results issued earlier Monday by the Central Election Commission gave a majority of seats to the opposition.

The deputy head of the commission, Fatos Klosi, said that the three-party coalition, led by the Socialist Party, had taken 14 of a possible 19 seats in Tirana, the capital.

Late Sunday, after a day of brisk voting marred by a series of small but violent incidents, Mr. Nano said the coalition had won about two-thirds of the seats in 140-seat National Assembly.

The defeat spells the end of five years of increasingly autocratic rule by Mr. Berisha and his party, which was seriously undermined in March when Albanians took to the streets over the collapse of bogus get-rich-quick investment schemes.

The armed rebellion that followed took large sections of the country out of government control and led to weeks of chaotic violence and banditry in which, it is estimated, 1,600 people died.

Sunday's voting was generally calm despite the slaying of one electoral official and problems with voting in some areas.

With the south still in open rebellion against Mr. Berisha and much of the rest of the country plagued by widespread lawlessness in the weeks preceding the vote, the wisdom of holding the election at all had been questioned.

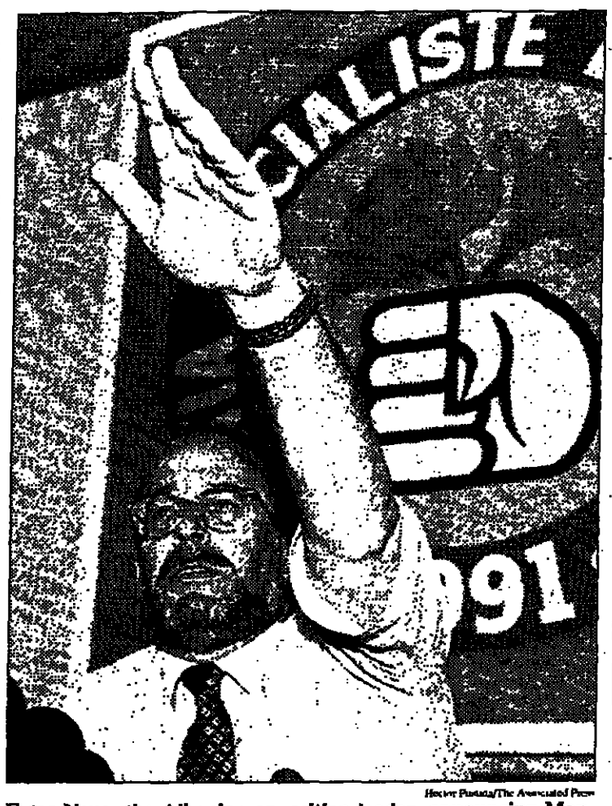
But the presence of the foreign observers, guarded by members of an Italian-led multinational peacekeeping force, appeared to have limited the more blatant forms of vote fraud that opponents claim gave Mr. Berisha's Democrats 95 of parliament's 115 seats in May 1996.

Many Albanians date the country's deepening crisis to that election.

None of that election's more obvious forms of intimidation — ranging from the high visibility of secret policemen and the bullying of Democratic Party election officials at polling stations to the seizing of ballot boxes by party operatives — were evident.

Still, officials and observers from opposition parties openly questioned some ballot procedures, especially the absence of the names of their supporters from the certified voting lists.

In another defelopment, an Italian soldier was badly wounded in shooting in the Adriatic port of Vlore on Monday. *(AFP, AP, WP)*



Hocine Pinsaud/The Associated Press

Fatos Nano, the Albanian opposition leader, announcing Monday in Tirana that the Socialists had won a clear majority.

BRIEFLY

Prodi Trial Decision Delayed

ROME — A judge postponed a decision Monday on whether to put Prime Minister Romano Prodi of Italy on trial, giving a panel of experts more time to examine financial aspects of the case.

Mr. Prodi faces allegations of abuse of office and conflict of interest over his role in the controversial privatization of the Cirio food company in 1993, when he was chairman of IRI, the giant state industrial holding company.

A panel of accounting, commercial law and management experts was appointed by the judge, Edoardo Landi, in March to look into the case.

They were supposed to present their findings Monday but court officials said they had asked for an extension. Mr. Landi gave the panel until Oct. 3 to file its report. His trial decision is expected Nov. 25. *(Reuters)*

British Admit Atomic Dumping

LONDON — Radioactive waste from private British companies was dumped in the Irish Sea in the 1950s, the British government confirmed Monday.

The dumping of low-to-intermediate-level contaminated waste — from laboratories, luminous paint and clock dials — took place in the Beaufort Dyke, a deep depression in the sea floor off Scotland.

A spokesman for the government's Scottish Office, confirming a report in The Guardian newspaper, said that the levels of radioactive material were so low they could not be measured. *(AP)*

Bosnian Serb President Is Held

BELGRADE — The Bosnian Serb president, Biljana Plavsic, was detained overnight by government opponents trying to sabotage her crackdown on high-level corruption, Bosnian Serb sources said Monday.

The sources, who spoke on condition of anonymity, said that Mrs. Plavsic had been held by the police near Bijeljina in the northeast of the Serb Republic entity in Bosnia.

She was allowed to leave Monday morning by car for her office in Banja Luka under the protection of NATO peacekeepers.

The sources said that hard-liners opposed to Mrs. Plavsic appeared to be trying to oust her after the failure of her attempt last weekend to dismiss the interior minister, Dragan Kijac. *(Reuters)*

German Mystery Unresolved

Lebanese Acquitted in Fire Fatal to 10 Foreigners

By William Drozdiak
Washington Post Service

BERLIN — In a verdict that deepens the mystery surrounding one of the most deadly attacks against foreigners in Germany, a court in the port city of Luebeck on Monday acquitted a Lebanese refugee of igniting the fire in an asylum-seekers home that killed 10 people and injured 38 others.

Presiding Judge Rolf Wilcken dismissed all charges against Safwan Eid, a civil war refugee who had lived in the hostel with his family for six years, after prosecutors acknowledged they had no firm evidence to back up earlier claims that Mr. Eid started the blaze to avenge a quarrel with another resident.

The firebombing that destroyed the rambling four-story house in January 1996 triggered fears of a fresh wave of neo-Nazi attacks just when German authorities believed they had quelled the surge in xenophobia that followed Germany's unification in 1990.

More than 30 foreigners were killed and hundreds of others injured in a spate of arson cases and other attacks against the homes of refugees and asylum seekers. The number of incidents dropped after the adoption of a new law in 1993 restricting the influx of foreigners seeking shelter in Germany.

When three neo-Nazi youths from Eastern Germany whose hair bore burn marks were detained the morning of the blaze, commentators at home and abroad bemoaned the failure of German authorities to put a halt to acts of violence by mainly disaffected and unemployed skinhead youths.

But the youths were released when the police accepted their alibi that they were trying to set a dog on fire at a site well removed from the asylum house. When Mr. Eid was subsequently arraigned amid reports of a bitter argument among the residents on the night of the blaze, conservative politicians seized on his arrest to complain about Germany being unfairly victimized by charges of neo-Nazi-inspired violence.

During his seven months in custody, Mr. Eid always protested that he was not guilty. Prosecutors based their case on three words he allegedly told a first aid worker as he was rescued during the fire: "It was us."

But Mr. Eid insisted that what he really said was: "It was them — they set the stairs on fire," as he repeated what his father told him about neo-Nazi youths spotted in the vicinity of the house.

Mr. Eid's lawyers argued that police did not properly investigate the detained youths, who were caught driving a stolen car and were known to be members of a far-right skinhead group not far from Luebeck, which is just across the old dividing line between East and West Germany.

Even though Chancellor Helmut Kohl insists his homeland must never become an immigration country, Germany has evolved into one of the most ethnically diverse states in Europe. Foreigners now make up nearly 9 percent of Germany's population, more than twice the level of Western Europe as a whole.

State governments are now trying to accelerate the repatriation of many foreigners. In the wake of the arson attack in Luebeck, many of the asylum-seekers, who came from Zaire, Togo, Syria and Lebanon, were moved to new apartments by order of the town's mayor, Michael Bouteiller.

But after giving testimony in the Eid case, they now face imminent deportation under strict new laws that require asylum seekers to be sent back home when there is no longer any compelling reason for them to stay in Germany.

Although the number of attacks against foreigners has receded from the high mark of nearly 2,300 incidents in 1992, Germany still confronts a serious problem in the re-education of many alienated youths in eastern regions who were never correctly taught about the Nazi legacy under their former Communist rulers.

But xenophobic attitudes also persist among young people in Western Germany as well, especially in the north, where joblessness affects as much as a quarter of young adults and skinhead activities are particularly strong.

Luebeck has acquired a reputation in recent years as a haven for rightist extremists following two firebombings of the local synagogue, the first examples of such anti-Semitic violence in Germany since the Nazi era.

French Mayor Goes on Trial

Reuters

AIX-EN-PROVENCE, France — Catherine Megret, the far-right National Front mayor of Vitrolles in southern France, went on trial Monday, accused of advocating racism in a newspaper interview.

Three anti-racism associations and more than 700 private citizens have pressed charges against Mrs. Megret, alleging she incited racial discrimination and defamation in the interview with the German daily Berliner Zeitung, in which she called immigrants "colonialists."

Friends and foes of the National Front demonstrated outside the Aix-en-Provence court as she arrived, accompanied by her husband Bruno Megret, the anti-immigrant party's No. 2, and the mayor of Toulon, Jean-Marie Le Chevallier, a Front member.

Mrs. Megret captured a fourth French town for the Front in a municipal by-election last February after her husband was disqualified from running because he exceeded the legal ceiling on campaign expenses.

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HANDOVER IN HONG KONG / *Pomp, Revelry and Torrential Rain*

A Night of Celebration And Fear for the Future

Residents, and Others, Toast Transfer With Champagne, Beer and Some Tears

Compiled by Our Staff From Dispatches

HONG KONG— Hong Kong party-goers Monday threw themselves into the night of their lives, a rain-soaked world away from the somber formality of official ceremonies handing the territory back to China.

From high-society balls to techno raves, revelers brushed aside torrential rain and thick humidity to commemorate the dying moments of British colonial rule.

In the early evening, deafening roars of approval greeted the fireworks display over Victoria Harbor by the convention center where the territory was handed over to China in a midnight ceremony.

Tens of thousands crowded 8 or 12 people deep under umbrellas and the shelter of pedestrian paths, crying "*Wah*," the Cantonese expression of surprise, in ever louder waves with each explosion.

One couple, 25-year-old Andy Woo and 24-year-old Money Chan, said the fireworks were better than those for Chinese Lunar New Year. Still they were equivocal about the handover.

"It is neither good nor bad, but I think Hong Kong will still have an important role to play economically," Mr. Woo said.

Meanwhile, inside the plush Regent Hotel, guests at the "One Country, Two Parties" event watched the spectacle in air-conditioned comfort to the sounds of a five-piece band.

"This is really wild," said Katie Murray-Hayden as the band struck up "Putting on the Ritz."

"I'm going to drink champagne and I am going to party," said Miss Murray-Hayden, a 27-year-old wine dealer. "I am going to stay here all night because it is pouring down outside."

Standing outside Oscar's bar and restaurant, one group of Britons was clearly impressed by the festivities.

"It's the business," said Lawrence Peters, a surveyor visiting from London. "I have asked for a transfer here; it really is superb."

Brian Yim, 38, working for an international trading house, was at a table with 12 of his family at the Peking Food American Restaurant in Wanchai's Lockart Road.

"I just got the family together for a meal, nothing too special," he said. "It is a good thing and you can understand living under or ruled over by another country for a long time, at least there is now some symbol that we are under our own country."

Diners crowded around tables at the Fook Lam Moon Restaurant in Johnston Road, Wanchai, where the manager, Nin Chan, said he had prepared a menu of abalone, sharks' fin soup, crispy fried chicken and birds' nest soup.

"Most of our tables are booked," he said. "Everyone is here from couples to whole families."

Alan Ford, a 46-year-old construction worker nursing a pint of John Smith's beer at the Old China Hand, said, "I am going to finish this and then go to my bed."

Mr. Ford said he had fears for the future of his Chinese co-workers who had fled the mainland for Hong Kong. "One of them told me today the sky was crying for Hong Kong," he said, referring the day's persistent rainfall.

The normally frantic, money-go-round of life in the city of commerce was slowed to a crawl by the five-day holiday surrounding the handover.

Some prayed in temples for a peaceful return to Chinese rule. Others crowded outside the British governor's residence to snap photos.

The British Union Jack came down at the governor's residence, flags went up welcoming China, and workers removed the insignia of Chinese dragon and British crowned lion from government buildings and crated them up for shipment to Britain.

Clocks occasionally flashed on TV screens, ticking off the last hours and seconds of a transition that began in 1984, when Britain agreed to hand the colony back to China.

With a flourish of British pomp and a drizzle of rain that slowly soaked his blue wool suit, an exhausted-looking Governor Chris Patten watched police honor-guard maneuvers and bid goodbye to staff members of Government House, his home for the past five years.

His wife, Lavender, and their three daughters stood under umbrellas, their every facial tic a seeming effort to hold back tears. Mr. Patten, too, bit his upper lip and swallowed hard as a band played "God Save the Queen."

There seemed little public rancor toward the British. Most Hong Kong people say it is high time the British left, since Hong Kong is perfectly capable of managing without them.

But they don't conceal their gratitude to Britain for providing a haven of law, order and economic opportunity on the southern coast of an often turbulent China.

"For the Chinese race, the departure of the British and the return of Hong Kong is a happy event," said Albert Yu, a businessman in the crowd outside Government House. "But it's a normal day for Hong Kong citizens. We are just small potatoes, following the flow of events." *(AFP, AFP)*



Agence France-Presse

President Jiang Zemin of China, left, being greeted Monday by Tung Chee-hwa, the next chief executive of Hong Kong, as he arrived at the airport.

PROTESTS: *Call to Scrap Legislature*

Continued from Page 1

Taiwan, which Beijing considers a renegade province.

And a lone protester tried to confront the Chinese president, Jiang Zemin, outside his hotel with the photograph of a friend killed in the crackdown of pro-democracy activists near Tiananmen Square in 1989.

Mr. Lee, the Democratic Party chairman, led the group of former lawmakers onto the balcony of the Legislative Council despite warnings from the incoming government that they would not be permitted to do so.

Once there, Mr. Lee called for more democracy and the scrapping of the Beijing-appointed legislature. Hong Kong's elected legislature was replaced after midnight by a legislature appointed by Beijing.

"The flame of democracy has been ignited in Hong Kong," he said. "It will not be snuffed out because the flame of democracy is burning in the heart of everybody in Hong Kong. We call on Chinese leaders to give us democracy. We will fight all the way. We will continue to be your voice. We will continue to be the voice of Hong Kong."

Marchers of the April 5th Action Group, chanted, "Down with Li Peng, down with Jiang Zemin," referring to China's prime minister and president. One of the protesters carried a banner blaming Mr. Li for the Tiananmen incidents.

"Down with Li Peng, the butcher of June 4," the banner said.

The Alliance in Support of Patriotic Democratic Movement in China, which organizes annual candlelit vigils to mark the June 4 massacre in Beijing, vowed to defend human rights and freedom with "flesh and blood."

"We will build a new Great Wall with our flesh and blood to defend Hong Kong's democracy and freedom," said Szeto Wah, chairman of the alliance.

The alliance hoisted up a huge portrait of the "Goddess of Democracy" and brandished placards that read, "End to one-party dictatorship."

In a separate protest, half a dozen Taiwan politicians wearing "Say No to China" T-shirts, accused China of using the changeover to push reunification with Taiwan. "We want to express our stand. That's 'One Taiwan; One China'," said Liao Bin-liang, a Taipei city council member.

In Britain, Indifference To Loss of the Colony

Tennis, Not Imperial Nostalgia, Rules the Day

By Warren Hoge
New York Times Service

LONDON — At home, the British greeted the turnover of their last major colony Monday with relative indifference, finding stronger reasons for expressions of national pride in the current success of their tennis players at Wimbledon and their national rugby team in South Africa than in any overt nostalgia for their imperial past.

What commemorating of the event there was involved people with a direct interest in Hong Kong, residents in the Chinatowns of cities like London and Birmingham and brokers and businessmen whose livelihood depends on establishing good relations with the new governors of Asia's leading financial center.

"We are celebrating an opportunity, not holding a wake," said James Buchanan-Jardine, a stockbroker at N.C.L. Investments and the son of Sir John Buchanan-Jardine, the last family owner of the giant Hong Kong trading company, Jardine Matheson.

He was heading to a gathering of 2,500 members and guests of the Hong Kong Society at Sandown Park, a racetrack south of London where the annual Hong Kong Day derby is held. The most recent Foreign Office stock-market valuation of the more than 1,000 British companies operating in the former colony exceeded $115 billion, and Mr. Buchanan-Jardine said British entrepreneurs and brokers were keenly interested in increasing business with China through its new Special Administrative Region of Hong Kong, that supplies 60 percent of all external investment in China. They watched the dramatic proceedings on a 100-foot (31-meter) television screen set up in the infield and then dined to the music of a band from the Brigade of Gurkhas that long was based in Hong Kong.

Another mammoth screen was set up in London's Chinatown, in the city's Soho district. Hundreds of people watched quietly while business hummed along uninterruptedly in the neighborhood's souvenir shops and restaurants. "We want to let the younger generation know why Hong Kong is being handed back and why it was taken in the first place," said K. H. Wu, a former civil servant in the colony who is the secretary of the Chinatown Chinese Association.

The BBC was giving continual attention to the ceremonies, beginning at 9 A.M. and ending after midnight. The actual handover occurred at 5 P.M. London time.

The tabloid newspapers treated the story with jocular humor, referring to it as the greatest Chinese home delivery in history, while the more serious newspapers published columns and editorials urging Britons to look upon their colonial past with pride.

After Monday, what remains of the empire on which the sun never set and in which more than a quarter of the world's population resided is a collection of small, scattered British dependencies like Bermuda, the Falkland Islands, Gibraltar, St. Helena and Caribbean islands like Anguilla, the Caymans, and the Turks and Caicos.

The Daily Telegraph asked why English was now the language of commerce, law, science, diplomacy and parliamentary democracy and provided the answer, "Because men who set off from our islands conquered the world."

Of these voyagers, the paper said, "Whatever their motives, the consequences benefited mankind."

The Chinese Embassy marked the transition with a low-key reception for British politicians, businessmen and cultural figures and the banging of ceremonial gongs outside the building at the moment of the handover. A silent vigil was held on the street by protesters calling for an end to Chinese rule over Tibet.

While in Hong Kong the Black Watch's bagpipes skirled and onlookers became teary at the piping of "The Last Post" and the singing of "Rule Britannia" and "Jerusalem," for Londoners, it was business as usual.

The sense of empire ended some time ago for Britons, and the lowering of the Union Jack over the country's last major colony carried little substantive meaning for Britain or its role in the world.

"It may still exist in a couple of clubs in Pall Mall," an official at the Foreign Office said recently, "but for most Britons the empire is no longer a reality."

STAKES: *Change for Whom?*

Continued from Page 1

has been more important as an idea than as a place. For many decades, it has served as an example of prosperity and a model of economic and political laissez-faire, a catalyst for troubling reflections.

"How was it that foreigners, the Englishmen, could do so much as they had done with the barren rock of Hong Kong within 70 or 80 years, while in 4,000 years China had no place like Hong Kong," Dr. Sun Yat-sen, a founder of modern China, asked in a commencement speech in Hong Kong in 1923.

Hong Kong's influence over China has never been greater than in the last 20 years. In many ways it was the example of Hong Kong's success that helped inspire China to launch the "second revolution" that since 1978 has transformed the most populous nation on Earth.

Tiny Hong Kong furnishes 58 percent of the foreign investment in China, but more important, by its very existence and success it undermined the legitimacy of China's old economic system and ideology. In a nation that under Maoism was a moral monolith, Hong Kong suddenly emerged as an another wellspring of legitimacy and an alternative arbiter of fashion and relevancy.

The image of the Communist Party is of earnest old men sitting in Mao jackets holding self-criticism sessions; the image of Hong Kong is of young people, all silk and linen, speaking on cellular telephones as they drive off to dates. It is no wonder that the Communist Party is in trouble.

Now many people expect that Hong Kong will continue to reshape China, but from within.

While the impact of Hong Kong, and of time, may well be corrosive to traditional Communist Party ideology and dictatorship, it could help stimulate a revitalization of the party and of China itself.

"It is quite possible that out of this process will emerge not a weaker Chinese state but a stronger Chinese state, a state that is strengthened by having a greater sense of legitimacy, led by people who are more cosmopolitan and more responsive to the yearnings of their people," noted Michel Oksenberg, an Asia expert at Stanford University.

"The Communist Party is an institution that in my opinion does need revitalization," Professor Oksenberg said. "But in a curious way, the absorption of Hong Kong could help revitalize it. It could also prompt its decay."

Still, not everyone thinks that Hong Kong will have much impact on China's political system, in part because the Chinese leadership is so adamant about stopping the buds of political pluralism before they flower.

"Hong Kong will change China," said Robin Munro, the head of the Hong Kong office of Human Rights Watch. "I'm sure we'll see more venality and appetite for money-making. But I doubt that this means more democracy and liberalism.

"My biggest anxiety is that I believe that China will probably change some of the assumptions of political science in the West," Mr. Munro added. The theory that economic liberalization leads to political pluralism may be valid in much of the world, Mr. Munro said, but perhaps not in Asia.

Developments in Hong Kong will shape relations between China and the West, particularly with the United States and Britain.

Human rights in Hong Kong are already emerging as another focal point for China-American relations, and any kind of crackdown in the territory could trigger a serious downward spiral in relations between Washington and Beijing.

HONG KONG: *China Takes the Reins*

Continued from Page 1

bearskin hats and the Union Jack was brought down.

After a five second pause, time for the British cymbals to stop vibrating, the Chinese national anthem was played and the Chinese flag raised alongside the new flag of Hong Kong.

Hong Kong had returned to China.

The symbolic end of British rule began Monday afternoon, at 4:30 when the doors of Government House, the home for British governors since 1855, opened and Hong Kong's 28th resident of the house, Chris Patten, his wife, Lavender, and their three daughters walked down the steps.

Drawn up at attention in the sweeping circular drive was the police band in snow white tunics with mirror-polished silver buttons. In a blue suit, the bags under his eyes heavier than usual, his now gray-white hair a bit disheveled, Mr. Patten mounted a small stepped dais.

The band broke into the first stanza of God Save the Queen and Mr. Patten lowered his head, swallowing heavily in a surge of emotion, emotion that would shake the governor through the day.

Eight officers from the Royal Police Training School bearing ceremonial World War I Lee Enfield 303 rifles snapped through a sharply choreographed flipping of rifles, abrupt turns and slow-step marching in a salute to the last governor. Stepping from the dais, Mr. Patten then slowly walked down a line of representatives of each of the territory's services, from the Correctional Services Department to the Auxiliary Medical Services, all in white dress uniforms.

Then, as a single bugler played Last Post, a thin drizzle brushed the courtyard and the Union Jack slipped down the flagpole. The police band struck up Mr. Patten's favorite song, the mournful "Highland Cathedral," and with the folded flag on a royal blue pillow, he stepped into a 1961 Rolls Royce. Slowly, the long black car flying the governor's ensign from the hood circled the courtyard before Government House three times, a ritual performed by all previous governors, a Chinese ritual saying "We shall return."

As Mr. Patten's car pulled from the gates of Government House, gates that still bore the Queen's seal "ERII," crowds of Hong Kongers and tourists waved and cheered, clapped and cried. A small contingent of police in their brown summer uniforms swung the iron gates closed for the last time, ending 122 years of British residence.

The drizzle turned to showers and then to a downpour that washed the harbor front in sheets of monsoon borne rains. Still, the British farewell ceremony began sharply at 6:15 as a sky of crumpled gray wool melded into hues of gold and rose. Two dragon dance teams rose and fell across a tarmac ground that once was the main British naval base here.

With rain pelting down on him, Mr. Patten delivered his final speech as governor, a short piece of oratory that remained as robustly defiant as any he has given, a declaration of his own principles as governor and a public challenge to much of Mr. Tung's own philosophy of governance.

"Our own nation's contribution here was to provide the scaffolding that enabled the people of Hong Kong to ascend," he asserted. "The rule of law. Clean and light-handed government. The values of a free society. The beginnings of representative government and democratic accountability."

"Hong Kong's values are decent values," he continued, "they are universal values. They are the values of the future in Asia, as elsewhere, a future in which the happiest and the richest communities, and the most confident and the most stable, too, will be those that best combine political liberty and economic freedom as we do today."

In Hong Kong's new convention center, a curving, sculpted-roofed edifice jutting into the harbor, a banquet was thrown by the British for 4,000 guests, including the Chinese foreign minister, Qian Qichen, the man who has spearheaded Beijing's arrangements for Hong Kong.

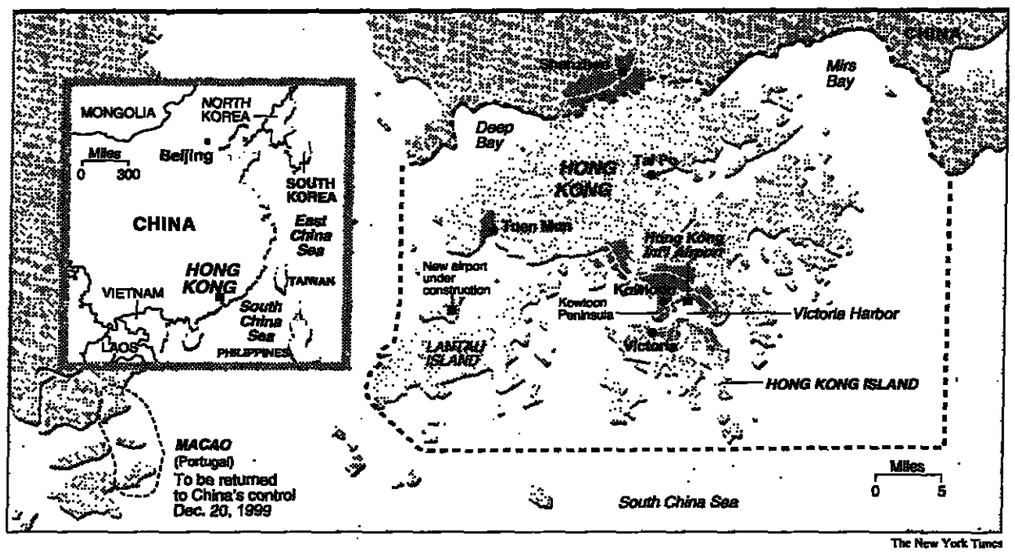
Over Scottish salmon, stuffed chicken breast and a red fruit pudding with raspberry sauce, Hong Kong's wealthiest and most powerful people, British and Chinese alike, ate their last meal under a British flag. Neither President Jiang nor Prime Minister Li Peng, the first Chinese leaders to set foot in colonial Hong Kong, attended the banquet.

With an hour of sovereignty left, the British foreign minister, Robin Cook — relaxed, hands in his pockets — waited at the entrance of the convention center, Mr. Tung, at his side, for the arrival of President Jiang. An honor guard of Black Watch in white jackets and kilts stood at attention.

Mr. Jiang's black, bulletproof Mercedes, carrying both Hong Kong and Chinese license plates, arrived moments later. The Chinese president was helped from the car and shook hands with Mr. Qichen and Mr. Cook. Mr. Patten then took his hand and said simply, "Welcome to Hong Kong."

In the first minutes of Chinese rule, Mr. Lee, the democracy leader, climbed to the colonnaded balcony of the Legislative Council building with fellow lawmakers who have been evicted from their seats.

"We know," he told a crowd below, "that without a democratically constituted government and legislature, there is no way for our people to be ensured that good laws will be passed to protect their freedoms. If there is no democracy, there is no rule of law. We want Hong Kong and China to advance together and not step back together."



The New York Times

Chinese Ignore Albright's Plea for Leading Dissident

Compiled by Our Staff From Dispatches

HONG KONG — Secretary of State Madeleine Albright pressed her Chinese counterpart on Monday to release the dissident Wei Jingsheng before a Chinese-American summit meeting that is being discussed for October.

But during a one-hour meeting, the Chinese foreign minister, Qian Qichen, remained unresponsive to Washington on the human-rights issue, which U.S. officials say is central to an otherwise improving bilateral relationship.

"She made the point, he took them on board but I can't say that he gave any commitment," the State Department spokesman, Nicholas Burns, said of the Albright-Qian conversation.

Nevertheless, Mrs. Albright reaffirmed the U.S. intention to hold a summit between President Bill Clinton and President Jiang Zemin in Washington later this year, Mr. Burns said.

Later, in an interview with CNN, Mrs. Albright said that although a specific date had not been set, the summit was being discussed for October.

Human-rights groups have reported that Mr. Wei, 47, serving a 14-year sentence for advocating reforms, was severely injured by other prisoners hoping to get reduced sentences for attacking him.

Mrs. Albright, meeting Mr. Qian on the fringes of the Hong Kong takeover ceremony, said the United States continued to have concerns about Mr. Wei despite an earlier explanation from Beijing, Mr. Burns told reporters.

She "specifically raised the issue of Wei and said our concerns about his condition remain despite the explanation from China," he said.

"We would like him to be well treated, in fact, we would like you to release him," he quoted Mrs. Albright as saying.

The secretary of state also made the case for China to release its other political prisoners and to sign the United Nations covenant on political and civil rights, Mr. Burns said.

Several days ago, the State Department announced that China had assured Washington it was taking no further punitive action against its best-known dissident after Mrs. Albright voiced concern via the U.S. Embassy in Beijing and sought information.

The department reported then that the Chinese Foreign Ministry had responded with an account of an altercation between Mr. Wei and another inmate, saying Mr. Wei had been criticized by prison authorities but no other action was being taken against him.

Mr. Qian did not get into details about the case, Mr. Burns said.

Mrs. Albright stressed the need to ensure that U.S.-China summits "must be concrete, well prepared, meaningful meetings."

In this way, she said, they would "mark a new page in U.S.-China relations after the difficulties of the last several years," when ties were in a downward spiral and few meetings were held.

Mrs. Albright met Monday morning aboard the royal yacht Britannia with Foreign Secretary Robin Cook of Britain, who thanked the American envoy for her support.

With the Britannia as an impressive backdrop, Mrs. Albright expressed hope that Hong Kong's new leadership will understand that "the Hong Kong of tomorrow must look like the Hong Kong of today — and that is a Hong Kong that is free, a Hong Kong in which personal freedoms exist and will not be squeezed out."

Looking at the broader picture, the British official said there was more confidence in Hong Kong's future than anyone could have predicted five years ago.

"We are in a city in which the stock exchange is rising, property prices are rising, investment is leaping upwards and perhaps most important of all, there are more people coming to Hong Kong to stay than are leaving Hong Kong," he said. *(Reuters, AP)*

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HANDOVER IN HONG KONG / *How Much Dissent, and at What Price for the Dissenters?*

What Now for Territory's Mr. Democracy?

By Keith B. Richburg
Washington Post Service

HONG KONG — Martin Lee was only 11 years old when Mao Zedong's guerrillas crossed the Yangtze River, signaling China's fall to the Communists. Mr. Lee's father, Li Yin-wo, had been a two-star general in the Nationalist Army and, as a follower of Chiang Kai-shek, could have easily followed the defeated generalissimo to refuge in Taiwan in 1949.

Instead, Mr. Li headed south, to Hong Kong.

Years later, he explained to his son the reason for his move. The Nationalist government had become corrupt, Mr. Li said, and he did not want to spend the rest of his life serving a corrupt regime. And he knew that his children would receive a better education and more opportunities under the British colonial system in Hong Kong than they would in Taiwan.

But if Mr. Li had tired of the Nationalists, that did not mean he was enthusiastic about the Communist Party. He spent years in Hong Kong changing apartments to avoid Communist recruiters sent by Prime Minister Zhou Enlai. Before he died on Feb. 4, Mr. Li imparted a credo to Martin Lee: Don't trust the Communists. Mr. Li was a Chinese classical scholar whose personal code of discipline was so strict that his children were not allowed to handle money, for fear it carried germs.

And Martin Lee — successful lawyer, human rights campaigner and chairman of the territory's most popular political party — has inherited much of his father's self-control, high sense of principle and belief in the righteousness of his cause.

That sense of righteousness in standing up for Hong Kong's freedom has convinced his critics here that Mr. Lee has what they call a "martyr complex." They say that Mr. Lee wants nothing more than a confrontation with Hong Kong's new Chinese rulers.

Mr. Lee has inherited something else from his father: a sound distrust of the communist system across the border.

"Most of us chose to come to Hong Kong to escape communist oppression," he has said. "Some came across shark-infested waters. They came to Hong Kong as a result of free choice, leaving our own country, coming to a British colony with all the terrible things associated with colonial rule.

"Why are we paying such a high price to be Chinese again?" he asked. "Why is it that the modest degree of democracy we won from the British is going to be swept away when we become part of China again?"

A barrister trained by the British, Mr. Lee is passionate about the need for Hong Kong's British-style legal system to be preserved and for protections and guarantees to be made explicit, not left to the whims of the colony's new masters. He served on the committee that drafted the Basic Law, the mini-constitution that sets out the terms of Hong Kong's untested autonomy formula. He knows the text almost by heart and finds fault with portions.

He is particularly concerned about the omnibus Article 23, which says that the Chinese government for Hong Kong may pass laws "to prohibit any act of treason, secession, sedition, subversion against the central people's government, or theft of state secrets."

Another clause, defining the powers of the new judiciary, says local courts will have no jurisdiction over "acts of state, such as defense and foreign affairs." Mr. Lee sees both of those phrases as too vague and as potentially open to abuse.

His outspokenness has made Mr. Lee one of the most popular politicians here, one who consistently won his legislative district by wide margins and led his Democratic Party to a majority of all popularly contested seats.

He also has won fame around the world. Mr. Lee has received numerous awards and he has become a regular voice for democracy on overseas television and radio programs. He scored a political coup in April when he was granted a meeting with President Bill Clinton at the White House — much to the annoyance of Hong Kong's new leaders.

There are other politicians in favor of democracy here, and not all of them are members of Mr. Lee's Democratic Party. But he has managed to retain his standing as the most prominent voice of the democratic opposition and as a particular bane to the leadership in Beijing.

A senior official of China's Foreign Ministry has labeled Mr. Lee a member of a "reactionary group" because of his past position as a deputy chairman of the Alliance in Support of the Patriotic Democratic Movement in China. It organized annual candlelight vigils to commemorate the 1989 massacre of students who were demonstrating for democracy in Tiananmen Square in Beijing.

What China and the incoming Hong Kong government can do about Mr. Lee, however, remains problematic. His celebrity, even Mr. Lee concedes, affords him a degree of protection: He is highly unlikely to be jailed.



The Associated Press
Mr. Lee during a meeting with Madeleine Albright on Monday.

Rather than face a direct attack, Mr. Lee could become subject to a kind of economic squeeze: the loss of client referrals to his law firm, for example, or a financially devastating series of lawsuits.

He said he knew the risks of continuing to speak out and offending China. But they are risks he is willing to take. "We will continue to speak the truth," he said. "We will continue to be the voice of Hong Kong."

One Pact Signer Not Invited to Party

Washington Post Service

HONG KONG — One of China's key negotiators and the man who signed the treaty returning the British colony Hong Kong to Chinese sovereignty was barred from attending the ceremonies Monday and Tuesday.

The official, Zhao Ziyang, was then China's prime minister and he sat beside Prime Minister Margaret Thatcher in the Great Hall of the People on Dec. 19, 1984, to sign the Joint Declaration that ensured the handover of Hong Kong.

At that time, Mr. Zhao's mentor, China's paramount leader, Deng Xiaoping, stood by applauding the deal that he himself had set in motion in talks with Mrs. Thatcher.

But four-and-a-half years later, Mr. Zhao was ousted during the student-led demonstrations in Beijing's Tiananmen Square that rocked the government and ended in a massacre of protestors June 4, 1989, by Chinese troops. Mr. Zhao was blamed for encouraging the protests and stripped of his party and government positions.

Eight years after his ouster, Mr. Zhao apparently still worries his successor, Jiang Zemin, president and Communist Party general secretary. Today, Mr. Zhao spends most of his time under a loose form of house arrest.

Taiwan Gives Mixed Review To Handover

The Associated Press

TAIPEI — The Nationalist Chinese government welcomed the end of British rule in Hong Kong on Monday but expressed concerns about future freedoms and rule of law in the territory under Beijing's control.

The government is "pleased to see Hong Kong finally returned to the hands of the Chinese people," a spokesman, David Lee, said at a news conference on the eve of Hong Kong's handover of sovereignty.

But he questioned China's commitment to allow Hong Kong a high degree of autonomy, and said that Beijing would stifle the territory's development and democratic institutions if it was too overbearing.

The spokesman expressed hopes that Beijing would "fully respect the spirit of the institutions that has allowed Hong Kong to develop, and carry out its promise to 'let Hong Kong be ruled by the people of Hong Kong.'"

"Hong Kong's transition is being closely watched here because China wants to use the same "one-country, two-systems" concept to reunite with Taiwan, which it claims as a renegade province. Hong Kong is also the main conduit for Taiwan's booming trade with and investment in China.

Mr. Lee said that Taiwan's prime minister, Lien Chan, was "extremely interested" in visiting Hong Kong after the handover. A visit would help advance China-Taiwan ties, but Mr. Lien would accept no specific preconditions from Beijing, Mr. Lee said.

Taiwan's representative at the handover ceremonies is Koo Chen-fu, a business leader and chairman of the semi-official body set up to negotiate with China. It is hoped that his presence will help renew Chinese-Taiwanese contacts, which have been frozen since President Lee Teng-hui of Taiwan visited the United States in 1995.

Taiwan is exempting Hong Kong residents from the stringent restrictions placed on contacts with China, and a Taiwanese official said Sunday that Hong Kong was welcome to open a trade and travel office in Taipei.

But William Li, head of Hong Kong affairs for the cabinet's Mainland Affairs Council, warned that China would have more leverage over Taiwan after recovering Hong Kong.

Mr. Lee said that Hong Kong-Taiwan relations were an "important index" of the state of ties between Taiwan and China, and that non-interference by Beijing would be a positive sign of reconciliation between the two.

But the spokesman reaffirmed the government's opposition to using the Hong Kong model to reunify with Taiwan. He called on Beijing to "pragmatically modify its unrealistic designs and policies regarding Taiwan."

Taiwan's Nationalists fled the Communist takeover of the mainland in 1949, and only recently dropped their claim to represent China internationally.

Officials have been deliberately ambiguous about recognizing Beijing's jurisdiction over Hong Kong, saying only that they are happy the territory will be run by Chinese.



Eddie Cheng/Reuters
A handful of marchers in Taipei calling for reunification between Taiwan and China on the eve of the Hong Kong handover. On Saturday, 70,000 people demonstrated to assert Taiwan's independence from China.

An Outpouring of Joy Surges Through Beijing

Crowd in Tiananmen Square Erupts in Cheers

Compiled by Our Staff From Dispatches

BEIJING — China roared its approval at the moment of Hong Kong's return to the mainland Tuesday, as 100,000 people in Tiananmen Square here let loose a monumental cheer at the stroke of midnight.

Their eyes fixed on five giant television screens that carried live images of the official ceremony in Hong Kong, the crowds counted out the final 10 seconds of British rule in the territory before erupting with joy.

Their cheers were only drowned out by a deafening barrage of fireworks that lasted five minutes and lit up the night sky.

As soon as the display ended, silence descended on the 45 hectare (100-acre) concourse as people turned once again to the television screens to listen to the speech of President Jiang Zemin.

The silence was broken only by snatches of enthusiastic applause as Mr. Jiang hailed an event that would "go down in the annals of history as a day that merits eternal memory."

A song-and-dance extravaganza broadcast live on national television illuminated the skies above Tiananmen Square with laser lights, red lanterns and fireworks. A lavish stage show mixed traditional Chinese opera with folk songs, pop singers and go-go dancers in silver hot pants.

Banners, lights, flowers and legions of scarlet Chinese flags adorned the capital in anticipation of the midnight transfer of power. Children and adults clasped small Hong Kong and Chinese flags sold by sidewalk vendors.

The government-run newspaper China Daily declared the event a "watershed day for history books."

"The return of Hong Kong realizes a long-cherished dream of all people of Chinese origin," it said. "We share with the world the happiness of the grand family reunion."

China's Communist rulers have claimed Hong Kong's return to Chinese rule after 156 years as a British colony as their greatest accomplishment since they took power in 1949.

"It is only under the leadership of the Communist Party of China that the century-old dream has materialized," the party newspaper People's Daily said in a front-page commentary Monday. "The CPC is the force at the core for reunifying the motherland and invigorating the Chinese nation."

Determined to ensure a smooth takeover, the authorities in Beijing urged people to stay home and watch the festivities in Tiananmen Square on television. *(AFP, AP)*

■ A Celebration of Their Own

Patrick E. Tyler of The New York Times reported earlier:

In an enormous display of patriotic exuberance, hundreds of thousands of people, most of them local residents, flooded into the streets of the Chinese capital Sunday night, walking hand in hand, or piled onto bicycles or pedicabs to make their way to Tiananmen Square where the bright lights and scaffolding were in place for Monday's celebration.

It was easily the largest spontaneous gathering around the square since 1989, when a million or more students and workers gathered during the peak of the pro-democracy demonstrations that ended in a violent crackdown on June 4.

The sudden throng of citizens seemed to surprise and overwhelm the thousands of uniformed police officers who were maintaining rigid security restrictions in the capital. For weeks, the city government has been issuing warnings to residents to stay off the streets during the two-day celebration that began Monday. But Beijingers seem to have an instinct about the boundaries of police tolerance, and Sunday night they had their way.

A sweltering summer heat wave and pent-up desire to join in the national celebration impelled a significant portion of the city's residents to flee their stifling, alleyway houses and apartment buildings and head for the broad plain of Tiananmen to have a look.

"The ordinary people will not be able to participate in the big show on Tiananmen Square tomorrow night," said Guo Qilin, a 30-year-old shop owner, as she pedaled carefully through the dense crowd in front of the Great Hall of the People under the watchful eye of the police cordon lining the square. "People are just so happy about Hong Kong's return to the motherland that they just came out tonight. It is a spontaneous thing. The police have nothing to worry about, but of course they seem a little nervous."

A young aircraft mechanic who would only give his name as Mr. Ma, said: "We are patriotic Chinese and so we came tonight. He, his wife and 7-year-old son were having their photo taken in front of the clock when a police car screeched to a halt and an officer hoisted his own son onto the hood for a portrait with his wife.

A senior police officer stationed at a mobile command post near the giant portrait of Mao that hangs from the Gate of Heavenly Peace, said the crowds peaked around 8 P.M., when somewhere between 500,000 and one million people were in the square or on the major thoroughfares approaching it.

"People came to see the lights and to have their picture taken," the officer said. "Most are families and we definitely are not having any problems, except with traffic."

Instead of trying to block the masses who swarmed into the city's bike lanes, the police allowed them to virtually take over a four-mile stretch of the Avenue of Eternal Peace that bisects the center of Beijing.

Shortly after 6 P.M., all eight lanes of the boulevard were jammed with walkers and bicyclers for the next three hours.

Chinese Troops Pour In on Their 'Sacred Mission'

Compiled by Our Staff From Dispatches

LOK MA CHAU, Hong Kong — About 500 troops from the People's Liberation Army streamed across the border into Hong Kong on Monday, just hours ahead of the British colony's handover to China.

At 9 P.M., a convoy rolled into the rural New Territories in the north. The troops, many armed with automatic rifles, crossed the border seated in buses or standing in open trucks.

The early deployment of 509 troops had been agreed on with Britain in advance of the formal handover; an additional 4,000 troops were to arrive hours later by land, sea and air.

Despite Beijing's reassurances, many people said the most striking moment of the transfer of Hong Kong would be the arrival of the People's Liberation Army, which crushed dissenters in Tiananmen Square in 1989.

American and British officials have complained that some of the forces in the second wave will drive through urban areas of the territory in armored vehicles.

Hong Kong's new government says that there is nothing to fear, and that the troops will head directly to their barracks, where they will be under strict discipline.

President Jiang Zemin of China issued a statement Monday telling the troops that their mission "is sacred" and "the responsibility is great."

The statement, read to the departing troops in Shenzhen city on the border with Hong Kong, ordered them to respect the territory's laws, its people and its way of life.

The departing British commander, Major General Bryan Dutton, has said the Chinese Army appears determined to overcome the stigma of its actions in Tiananmen Square by performing well here.

Beijing sees the troop movements as a symbol of Chinese sovereignty over Hong Kong.

But the soldiers could also be used to put down riots or, as Britain's were before them, help during natural disasters, if requested to do so by Hong Kong's new leader.

Under British rule, Hong Kong's governor was commander-in-chief. But under the Chinese, the ultimate power over the garrison will rest with Beijing. Some fear it could use the troops to enforce its will on the territory.

Beginning in April, Britain allowed 196 unarmed Chinese soldiers to enter Hong Kong ahead of the change of flags to prepare for the garrison's arrival. They have kept a low profile.

Ever since Captain Edward Belcher, a British naval officer, landed on Hong Kong in 1841, hoisted the Union Jack and toasted the queen, British troops have been involved in Hong Kong life.

The force of 10,000 navy, air force and army personnel helped build roads, organized charity runs and won praise for flying helicopters that picked up sailors in distress, often in dangerous typhoons.

China has not said how many soldiers it plans to station here, but it has said their number will not exceed Britain's level of 10,000 navy, air force and army personnel.

Some people are nervous all the same.

"I can't accept the way the PLA will enter Hong Kong," said Lea Yip, 25, a social worker in Statue Square, the business district.

"They will come in too fast, too many at a time," she added. "They don't understand Hong Kong people are afraid of the PLA."

A businessman, Kwan Kim-man, 42, said he, too, was worried. "There's no need for them to be so high-profile," he said, adding that since the Tiananmen crackdown, "Their image among Hong Kong people has been swept away."

The troops received a rousing send-off in Huang Gang on the Chinese side of the border, with twirling lion dancers and children banging drums and waving red ribbons.

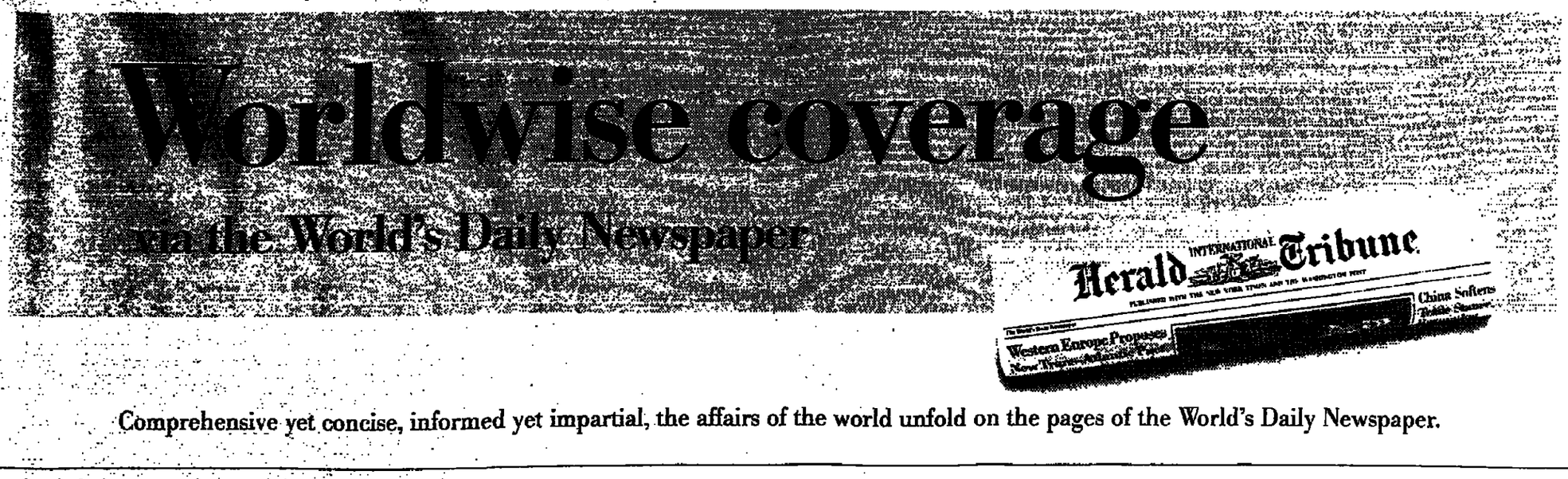
The Hong Kong side of the border, in a restricted area, had a large banner saying "Warmly Welcome People's Liberation Army," but no crowds or celebrations.

But farther into Hong Kong there was a festive mood. Fireworks could be seen and villagers had prepared a variety of celebrations. People lined the roads in some places hoping to catch a glimpse of the Chinese soldiers.

And banners and posters lined the roads cheering Hong Kong's pending reunification with the mainland. Flowers, signs and colorful ribbons also dotted the roads that the soldiers passed on the way to barracks.

A villager near the Sek Kong military base said: "People have been celebrating for two days. Everybody is throwing free dinners in the villages."

Many of the 4,700 Chinese troops in Hong Kong after the handover are expected to be stationed at Sek Kong, a major military and air force base used by the British garrison during colonial rule. *(Reuters, AP)*



Comprehensive yet concise, informed yet impartial, the affairs of the world unfold on the pages of the World's Daily Newspaper.

Yeltsin's Daughter Gets A Post in the Spotlight

Backer of Liberals Becomes His Adviser

By Daniel Williams
Washington Post Service

MOSCOW — President Boris Yeltsin designated his daughter, Tatyana Dyachenko, already considered a behind-the-scenes political force, to be an official adviser, a government spokesman announced Monday.

The spokesman said she would tend to Mr. Yeltsin's public image.

But observers in Moscow regarded it more likely that she will carry on her previous informal role as an advocate to Mr. Yeltsin for political and economic factions she favors in his government.

She has played court lobbyist for more than a year on behalf of liberal economic reform backed by Anatoli Chubais, both before and after the 1996 presidential elections.

She told reporters at the Kremlin on Monday that she would continue to back the economic team headed by Mr. Chubais. That team is currently concentrating nationwide on collecting taxes from Russia's large and powerful monopolies.

"I like this team very much," she said.

Mrs. Dyachenko, 37, remarked that she was following the example of the daughter of President Jacques Chirac of France, who is adviser to her father.

Later, during an interview on television, Mrs. Dyachenko defended the appointment, which some people are likely to regard as nepotism, a problem in Russia over the years.

"I understand full well that the president appointed me as adviser not because I am so smart and talented," she said. "But this is more comfortable for the president. That's what I think.

"And I think he has the right to this: To recruit a person with whom it is comfortable for him to work."

Observers said the decision to give the daughter an official position at least overcame a controversy over her being a force behind the scenes.

Russia has a sometimes unhappy history in both czarist times and during the Soviet era of influence on rulers by shadowy family members.

"This is a move for openness, which has been one of Yeltsin's pledges," said Sergei Markov, a scholar at the Carnegie Endowment research center in Moscow.

Mr. Markov pointed out one difficulty that President Yeltsin might have had in reaching such a decision, made a year after his re-election.

In the 1980s, Mr. Yeltsin chided his rival, Mikhail Gorbachev, head of the Soviet Communist Party, for letting his wife, Raisa, influence him.

"Yeltsin has to swallow his words now that he has named his daughter to a position," Mr. Markov said.

The daughter is a university-educated mathematician and computer programmer who once held a job calculating missile trajectories.

In the months leading up to the pivotal elections last year, Mrs. Dyachenko moved gradually into the limelight, urged on by liberals in order to break through a wall of hard-liners who were surrounding Mr. Yeltsin and, some felt, harming his election chances.

She helped nurse her father during his recovery from heart surgery, gaining access to him when few others could and further cementing a role of political confidante.

Russian newspapers said she persuaded Mr. Yeltsin to appoint Mr. Chubais as his chief of staff and later to jettison the then-security adviser, Alexander Lebed, who had become a popular figure in the government by ending the war in Chechnya and for his tough anti-corruption stand.

Mr. Lebed said Mrs. Dyachenko persuaded Mr. Yeltsin to oust him, at Mr. Chubais's behest.

"There isn't a woman who can't be swayed," he said with a touch of sexism.

Published reports also implicated Mr. Yeltsin's daughter in the dismissal of Mr. Yeltsin's bodyguard, Alexander Korzhakov, who has since sharply criticized Mr. Yeltsin and his daughter.

Mrs. Dyachenko, who is married and has two children, told the television interviewer Monday that her access and familiarity with her father could help her get across the point of view of her political allies.



Monroe/Reuters

FINAL VOYAGE FOR COUSTEAU — The coffin of the French undersea explorer and environmentalist Jacques-Yves Cousteau being carried into Notre Dame Cathedral in Paris on Monday for a funeral mass.

Election Fever Is Seizing Mexico City

By Sam Dillon
New York Times Service

MEXICO CITY — Hundreds of thousands of Mexico City residents poured into the central plaza during the weekend for mass demonstrations called by each of the three main political parties, bringing the city's first mayoral campaign of modern times to a tumultuous climax before Sunday's balloting.

Cuauhtemoc Cardenas Solorzano, the leftist candidate who has a broad lead in opinion polls, used his last major speech of the campaign on Saturday to congratulate President Ernesto Zedillo for working to set the stage for fair elections.

But he also warned that his backers would defend their votes if there was anything like the electoral fraud that many of his supporters believe robbed Mr. Cardenas of victory in the first of his two presidential campaigns, in 1988.

"We've made the decision that our votes will count," Mr. Cardenas told the throngs who overwhelmed the Zocalo plaza and spilled down side streets in the colonial city center that the Spanish conquistadores built on the ruins of the Aztec capital. "We'll make our votes count, and we'll not take one step back in defending them."

Estimates by newspapers and public officials of the size of the crowd that cheered Mr. Cardenas' speech ranged from 90,000 to 150,000.

The size and enthusiasm of all three of the weekend's massed assemblages suggested the intensity of the civic fervor washing over Mexico in advance of the nationwide balloting scheduled for July 6. Voters will elect not only the Mexico City mayor but also a new 500-member Congress, one-quarter of the 128-member Senate and six out of 31 state governors.

Electoral reforms enacted last year have created the conditions for what may be the fairest balloting yet in a country known for its pioneering techniques of electoral thievery.

Under the new conditions, opinion polls suggest, there may be the weakest showing to date by the governing Institutional Revolutionary Party, or PRI, whose successive presidents have ruled for 68 years, always with absolute and compliant congressional majorities.

On Saturday evening, hours after the sea of Cardenas backers had drained from the Zocalo, a vast new crowd of activists from the conservative National Action Party trudged down the city center's cobbled streets, and again the plaza was filled.

"What we're seeing is the death of the political system dominated by the PRI," Felipe Calderon Hinojosa, the National Action president, told the crowd, which endured a light evening shower. "We're going to bury it on July 6."

On Sunday, in a third rally, tens of thousands of governing-party activists flooded the Zocalo once again. They heard Alfredo Del Mazo, a former state of Mexico governor who is the party's mayoral candidate, argue that this year's campaign had reinvigorated the governing party through fresh contact with its grass-roots supporters.

"We're guided by a new spirit of self-criticism," Mr. Del Mazo said. "We're on the correct path, as a democratic party that takes its strength from daily contact with the people."

Although the weekend rallies climaxed Mexico City's mayoral and congressional campaigns, all three mayoral and many congressional candidates across the nation of 94 million people have announced plans to continue their electioneering through Wednesday. Campaigning is forbidden during the three days before the voting, as is the publication of opinion polls during the week preceding the vote.

The results of the final opinion poll of the campaign, by the Mexico City newspaper Reforma, were published last Friday. Mr. Cardenas was preferred by 39 percent of those surveyed, Mr. Del Mazo by 16 percent and the National Action candidate, Carlos Castillo Peraza, by 15 percent.

Nineteen percent were undecided, and the rest were for the candidates of small parties.

The Reforma survey indicated that 37 percent of potential voters intended to vote for governing-party congressional candidates, a decline of nearly five percentage points in 10 days. Thirty percent of those surveyed said they would vote for National Action candidates, and 26 percent for the congressional candidates of Mr. Cardenas's Party of the Democratic Revolution.

Clinton Seeks Tax Accord With Congress Without Veto

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton said Monday that the tax plans approved by Congress did not go far enough to help wage earners or to improve educational opportunities, but that he hoped to be able to work out differences with Republicans without resorting to his veto power.

"America's families deserve a tax cut, and they deserve one that reflects their values," Mr. Clinton said.

He advanced a plan that he said addressed inequities in the tax cut bills approved by the two chambers. His ideas, backed by the potential if not the threat of a veto, are sure to carry weight as House and Senate negotiators meet next week to reconcile differences.

Mr. Clinton's plan, like both congressional versions, is intended to give Americans their first substantial tax cuts since 1981, while bringing the federal budget into balance by 2002. All three versions call for net tax savings over five yeras of about $85 billion.

Mr. Clinton said Monday that his approach would help the middle class and the working poor pay the costs of higher education, and help ensure health care for poor children. At the same time, he said his plan would "honor our commitment to bipartisanship" by including, but modifying, the long-sought Republican goals of lowering the capital gains and estate taxes.

Democrats had complained that the plans passed by the Republican-controlled Congress unfairly favored the wealthy. Republicans insist that middle-class taxpayers would also benefit.

Mr. Clinton on Monday criticized parts of the recently passed tax bills.

"They do an inadequate job of opening the doors to college," he said. "They direct far too little relief to the middle class. They include time bomb tax cuts that threaten to explode the deficit."

But, the bills "contain many good elements," he added.

Asked about a veto, he replied: "I don't want to start talking about veto now. I want to craft an agreement, consistent with the budget agreement," that can "be passed with a bipartisan majority of both sides."

The Senate bill passed last week with 29 of 45 Democrats joining 51 Republicans. The House bill passed earlier on more partisan lines, with 27 of 206 Democrats joining Republicans.

Mr. Clinton had said after the votes in the two chambers that he was "frankly quite optimistic." His comments Monday, however, made it clear that he expects a solution that will take greater account of White House priorities.

The White House said that under his plan, 67 percent of the $85 billion tax cut would go to families in the middle 60 percent income brackets. All three plans offer about $135 billion in tax cuts over five years, along with $50 billion in revenue-raising proposals.

Mr. Clinton's proposal Monday sought to expand or protect provisions for college scholarships and tax breaks for taxpayers with children.

On education, Mr. Clinton slightly modified a proposed $35 billion scholarship program for college students and said he would convert a proposed tax deduction for tuition into a tax credit in the junior and senior years.

He would extend the credits for taxpayers with children to cover a larger pool of children. To help low-income workers, it would be partially refundable against payroll taxes.

He said that revenue from a 20-cent-a-pack increase in the federal cigarette tax, included in the Senate bill, should be earmarked for health insurance for children not now covered and other youth and public health initiatives.

LEADERS: *Hong Kong's New Rulers Will Put Business First*

Continued from Page 1

sitioning the territory to take on new regional competitors.

Mr. Tung, in speeches and interviews, has said that Hong Kong has become too politicized in recent years and that he wants to lower the political noise level. He has said that freedom and liberty must be balanced against social order and stability, and that the territory must develop true democracy, but slowly.

His advisers are of a similar view; to them, democracy seems a secondary concern to efficiency and results.

"In recent years, as a result of political developments, you have seen to some extent the polarization of Hong Kong," said Raymond Chien, 45, a businessman who was an adviser to the British governor and is also a member of Mr. Tung's council of advisers.

"If you have a sense that we're all in this together, there's nothing wrong with democracy," Mr. Chien said. "If you have adversarial democracy, like you have in the West, then it might be too high a price to pay."

While many of these new Tung aides benefited under the old British system — some, like Mr. Chien, held appointed posts in the colonial administration — they are more attuned to China and its vast potential than the Hong Kong elite of old, whose orientation and way of thinking, like their titles of nobility, came from London. The new breed faults the departed colonial government for allowing long-standing social problems to remain unresolved, and they say they are committed to a more interventionist government role.

To handle the thorny question of housing — its affordability and supply here in the world's most expensive housing market — Mr. Tung has tapped a property surveyor, Leung Chun-ying, known as C. Y. Leung. The savvy and wealthy Mr. Leung, 42, owner of a property concern, is one of nine deputy chairmen of the group of Chinese officials and Hong Kong advisers laying the groundwork for the transition.

"It's a long-term project," Mr. Leung said recently. "I'm looking at existing conditions and collecting all views and then will look at how Hong Kong should be in 20 or 30 years.

"It's not how Hong Kong people are used to looking at issues," he added. "It saddens me to see how over the last 15 years, since 1982, whenever questions of Hong Kong's future came up, we always had 1997 as a target date. We lost sight of the future beyond 1997."

The new government will also have to grapple with complex questions of overhauling the territory's education system, including building more schools, adopting a new language policy, improving students' technological skills and accommodating the thousands of mainland children expected to flood into Hong Kong to join their parents.

Mr. Tung has tapped a Chase Manhattan Bank managing director, Antony Leung, chairman of a commission on university funding, to be his adviser on education policy.

"I see that we should have a clear direction of what education should be like long-term," Mr. Leung said recently at his Chase Manhattan office overlooking the bustling Victoria Harbor. "I am a true believer in the market economy. Very early in my career, I was convinced if you wanted economies to develop, you had to let the market take over. One of the things I would like to see is for the schools to have a lot more freedom."

Another of the key "livelihood" issues that will command much of the new government's attention is welfare spending and care for the elderly. There have been growing demands recently that the government — flush with a projected $7.8 billion surplus and more than $22 billion in cash reserves — increase its monthly $266 public assistance payments to the poor and elderly. To deal with the issue, Mr. Tung has named Tam Yiu-chung, 47, a veteran trade unionist and deputy chairman of Hong Kong's largest pro-China political party, as his chief adviser on welfare policy.

Mr. Tam often has been described as the lone populist voice on a team of businessmen and technocrats.

"Maybe you might say they represent the business class," Mr. Tam said of his colleagues in the inner circle. "But according to my experience, their standing is not so clear. We have consideration for all of Hong Kong. Not just part of Hong Kong. And not just the business class."

"I represent the workers, the trade unions," Mr. Tam said. "I also try my best to lobby my colleagues about the workers' point of view, their situation."

Some members of Mr. Tung's cabinet chafe at the notion that theirs is an elitist group out of touch with Hong Kong. "No one bothered to criticize 150 years of past executive councils," said a Tung adviser, Nellie Fong, an accountant with Arthur Andersen & Co. and pro-China figure with close links to Beijing.

But the apparently conservative, pro-business bent of Mr. Tung and his inner circle worries some of Hong Kong's traditional pro-China stalwarts, who have roots in the populist, left-wing union and student movements of the 1960s and '70s.

"If we find that he is biased toward business, that he is biased toward the more conservative elements of our community, we will be among those who stand up to him and say no," said Tsang Yok-tsing, a member of the appointed legislature and chairman of the territory's largest pro-China political party.

Two older, familiar faces round out Mr. Tung's inner circle — the retired chief justice Sir Yang Ti-liang, 67, and a former adviser to the colonial government, Sir Tung Sze-yuen, who is almost 80.

Mr. Tsang said some observers might have a misimpression that Mr. Tung is simply following edicts from Beijing or acting against his own instincts.

"I think he has the full trust of the Chinese government," Mr. Tsang said.

"If sometimes Mr. Tung seems to be toeing Beijing's line," Mr. Tsang added, "maybe it's because he has a mind-set very similar to the Chinese leaders in Beijing rather than feeling compelled to carry out orders" from Beijing.

Germany Loses Round Over Web

New York Times Service

BERLIN — In a setback for German prosecutors trying to block what they consider to be dangerous material on the Internet, a judge dismissed criminal charges Monday against a political activist who had provided an electronic link on her "home page" to prohibited articles about the derailing of trains.

The decision, the first of its type in Germany, was a victory for Angela Marquardt, a university student who had ignored police demands to stop providing a link on her Web site to the leftist magazine Radikal.

But because the ruling was based on inconsistencies in the prosecutors' case, attorneys for both sides said the legal and political battle over restricting material on the Internet is far from over.

Ms. Marquardt, a leftist activist, ran afoul of the authorities last year when she provided a link to Radikal, which had published an article about techniques for derailing trains and making bombs.

The Federal Criminal Office in Germany has demanded that all Internet access providers block access to the Radikal site in the Netherlands.

Prosecutors did not say if they would appeal the Berlin court's decision.

TURKEY: *His Secular Cabinet Approved, Yilmaz Takes Power Vowing to End Experiment With Islamic Rule*

Continued from Page 1

political parties except Mr. Erbakan. He described the pro-Islamic policies that Mr. Erbakan and his Welfare Party followed over the last year as divisive and undemocratic.

"Welfare is responsible for the tension that has spread across this country," Mr. Yilmaz said. "It is time for this party to move into opposition."

The departing government had stirred domestic conflict and raised international concern by making overtures to Libya and Iran, advocating greater emphasis on Islamic education and naming religious conservatives to government posts.

Although Mr. Yilmaz's ascendance means that Turkey will now have a fully secular government, it does not put a permanent end to Islamic prospects here. Leaders of the Welfare Party said they were continuing to gain strength, and predicted that in the next election the party would win far more than the 21 percent of the vote it took in 1995.

It is not clear when the election will take place. Some leading members of the incoming coalition want it soon, while others want to wait a year or more.

In secular political circles Monday, there was widespread relief that a new government had finally been formed without the participation of Islamic leaders or their supporters. The enthusiasm, however, was tempered by doubts about Mr. Yilmaz, who is not considered to be the dynamic figure some believe is necessary to confront the rise of Islamic political power. He has a reputation as phlegmatic and cautious rather than imaginative or inspirational.

Mr. Yilmaz, 50, began his rise to power in the 1980s under the patronage of Turgut Ozal, then the prime minister. He held several posts under Mr. Ozal, and during the late 1980s was the youngest foreign minister in Europe. In that post he took strongly pro-Western stands.

He served as prime minister in 1991 and again in 1995, but both of his governments collapsed after just a few months.

The government he unveiled Monday is a coalition among his center-right Motherland Party and two smaller parties. A leader of each of those parties became deputy prime minister.

One is another former prime minister, Bulent Ecevit, a veteran of three decades in Turkish politics who heads the Democratic Left Party and is best known abroad for having ordered Turkey's 1974 invasion of Cyprus. The other is Ismet Sezgin, another veteran who represents the centrist Democratic Turkey Party. He will also serve as defense minister.

This three-party coalition will be supported, but not joined in the cabinet, by the Republican People's Party, Mr. Ecevit's rival on the left.

When Mr. Erbakan submitted his resignation June 18, he said he expected his coalition partner, Tansu Ciller, to be named prime minister in his place. That would have allowed the pro-Islamic government to remain in power with only a reshuffle at the top.

President Demirel, however, refused to name Mrs. Ciller. She may turn out to be the biggest loser in the current transition, in part because Mr. Yilmaz has in the past supported efforts to strip her of her parliamentary immunity so the Supreme Court can investigate corruption charges against her.

Mrs. Ciller reacted angrily to the president's refusal to name her, calling it "disgraceful to democracy" and "a great blow to future generations."

Although Mr. Yilmaz's success in forming a government means that Turkey has overcome its immediate crisis, many commentators and politicians here said the country still faces serious political problems. They believe that if these problems are not addressed, pro-Islamic sentiment may continue to grow.

"One of Turkey's greatest problems is our lack of statesmen," Kamran Inan, a member of Parliament from the Motherland Party said. "In the past we were able to produce them, but not any more. We don't have decisive or inspirational leaders to whom we can turn at difficult times."

Asked if he thought Mr. Yilmaz might now rise to fill that role, Mr. Inan replied: "He is the leader of my party, so it would not be appropriate for me to comment on that."

MIR: *Cargo Ship That Rammed the Space Station During a Docking Was Overloaded*

Continued from Page 1

Mir over the last 11 years.

Another is to be launched this Saturday from the Baikonur Space Center in Kazakhstan to take critical repair materials to the Mir.

The freighters are unmanned. After use, the Progress M-34 was loaded with garbage and will be sent out of orbit, to burn up on re-entry into the atmosphere.

Interfax, quoting a source in Moscow, reported that during the practice docking procedure, the crew "neglected" the fact that the Progress ship was "overloaded by 900 kilograms," or nearly one ton.

Interfax quoted the source as saying that "this resulted in an accident."

"Russian cosmonaut Vasili Tsibliyev found it difficult to handle a craft that was heavier than usual," Interfax said.

A Western source in Moscow said that the Progress was heavily loaded but added that the crew of the Mir was fully aware of the extra weight.

Russian officials have said that the Progress is a seven-ton vessel. The Mir, a hodge-podge of six modules hooked together, now weighs about 100 tons.

In the past, weights have been carefully measured aboard Russian space vessels. Cosmonauts have been forced to lose a single pound in order to fly.

It is not know why the Progress was heavily loaded, but since the vessel was to burn up in the atmosphere, the weight may not have been viewed as important.

The Western source said that even if the crew knew of the extra weight, it might have had a bearing on the accident.

But Mr. Blagov, deputy chief of flights, disagreed.

"It's not yet an established fact, it's one of the possibilities," he said of the overweight. "My personal opinion is that if this were the case it would have led to some overuse of fuel equal to the percentage of overload. Progress weighs seven tons. Even if it were half a ton overloaded, that's just 8 percent. According to that, some consumption of the fuel would have been increased."

He said the Progress, which has its own thrusters, would have been allocated more fuel if the weight were so great. "No, it could not have led to this" accident, he said.

Mr. Blagov said that the Russian commission was still studying the facts and that "we have not found the cause yet, we are not ready to answer."

"In my opinion," he said, "it is premature to name the cause."

Russian officials have said they were studying telemetry data from the Progress M-34 in recent days to try to understand better what caused the accident. The ship is to be ditched in the ocean shortly.

Meanwhile, special cables and spare parts were being readied for the launch of the new Progress vessel. It will take two days to reach the Mir. The two Russian crew members are to install a specially modified hatch with cables running through it in the passageway to the airless Spektr. They must carry out the operation wearing bulky pressurized space suits, for which they are beginning to train.

Mr. Foale will not participate, but will wait in the Soyuz capsule attached to Mir, in case the procedure goes awry and they have to return to Earth.

هكذا من الاصل

UN Describes How Congo Delays Inquiry Into Massacres

By John Pomfret
Washington Post Service

KINSHASA, Congo — A planned United Nations investigation into allegations that troops loyal to the newly installed president, Laurent Kabila, massacred hundreds or thousands of Hutu refugees during their victorious conquest is being delayed by Mr. Kabila's government, according to the UN and other officials.

Despite personal assurances from Mr. Kabila to both Bill Richardson, the chief U.S. delegate to the United Nations, and Secretary-General Kofi Annan, Mr. Kabila's government has refused to allow the investigation to proceed, officials familiar with the inquiry said. Indeed, since arriving in Kinshasa on June 20, a UN team of forensic scientists and other experts has met with government officials only three times.

The United Nations said Monday that Mr. Kabila's government was delaying the investigation in two ways. First, it has rejected the participation of a special UN investigator, Roberto Garreton, a Chilean lawyer who reported evidence of mass killings of Rwandan refugees in Congo in May. The government has also demanded that the investigation be expanded to include events in this region starting in March 1993, not September 1996, as mandated by the UN Commission on Human Rights.

If the United Nations were to bow to such demands, it would be allowing the subject of an investigation to set the terms of that investigation and decide who will carry it out, which would not bode well for either its objectivity or its thoroughness. In addition, the 53 members of the Commission on Human Rights would have to reconvene and vote unanimously to modify the resolution it passed on April 15 ordering the investigation, a process that could take weeks or months.

The recalcitrance of Mr. Kabila's government will make it impossible for the investigation to begin July 7, the date agreed upon by Mr. Kabila and Mr. Richardson in their meeting on June 7 in Lubumbashi, in southern Congo. Mr. Kabila also promised Mr. Annan that the inquiry would be expedited when he met the UN chief in Harare, Zimbabwe, at a meeting of the Organization of African Unity on June 3. Congolese human-rights officials and West European diplomats said Monday night that the investigation was a critical first step for Mr. Kabila's new government on the road to international recognition.

Mr. Kabila was lauded for toppling the corrupt government of President Mobutu Sese Seko. But the massacres said to have been carried out by his troops against Hutu refugees from neighboring Rwanda, and a series of recent roundups and disappearances here in the capital have raised questions about his commitment to human rights and democratization.

Both the European Union and the United States have conditioned aid for this impoverished country on the success of the UN inquiry.

"This investigation is critical to the establishment of a new start in our new country," said Floribert Chebeya, president of the Voice of the Voiceless for Human Rights, a leading Congolese nongovernmental organization. "It is necessary to have a reckoning. It is important to establish the truth. Massacres have been carried out in this region with impunity for years and it must stop. We can't establish a state of law on the basis of impunity and blood. That would be a dangerous foundation."

Mr. Chebeya said the UN team briefed him Monday on the progress of the inquiry. Based on the meeting, he accused the government of "playing a game."

He added: "The days pass, and the government places conditions on the investigation. They want to bore us to death so the investigation never happens, so people will forget."

The United Nations tried once before to carry out this investigation. On May 3, a team of UN investigators arrived in Kigali, the Rwandan capital, but was blocked from traveling to Congo, formerly known as Zaire, by Mr. Kabila's forces, who were just two weeks away from capturing Kinshasa and ousting Marshal Mobutu.

Mr. Chebeya said the reported massacres and a recent series of disappearances and arrests in Kinshasa illustrated serious human-rights problems in Mr. Kabila's government. He said that on Saturday, an official from his organization, William Kalume, was arrested as he tried to visit some of the men who recently have been plucked from the streets of the capital and taken into custody.



Raoul Mely/The Associated Press

ON THE MARCH IN KHARTOUM — A battalion of commandos parading Monday in Khartoum to mark the eighth anniversary of the military coup that led to the present government's coming to power.

Foes Using Mercenaries, Brazzaville Rebels Assert

The Associated Press

BRAZZAVILLE, Congo Republic — Mortar shells bombarded the capital Monday as the rebel militia accused the government of using foreign mercenaries in the escalating civil war.

The fighting was centered on the airport and on central Brazzaville, as it has for the last several days. The airport is crucial to bringing in supplies and possible reinforcements.

People remained holed up in their homes for a fourth week, since fighting between troops of President Pascal Lissouba and a former dictator, General Denis Sassou-Nguesso, broke out on June 5.

Isidore Mvouba, a spokesman for General Sassou-Nguesso, said that Mr. Lissouba intended to "internationalize" the crisis by using Liberian, Serbian and Angolan mercenaries to fight alongside his troops.

Mr. Mvoba said some 200 mercenaries had arrived in the port city of Pointe-Noire, 500 kilometers south of the capital, Brazzaville, armed with four combat helicopters.

"If the international community remains indifferent, this crisis will embrace all of Central Africa — for we, too, have friends," Mr. Mvoba warned.

Mr. Lissouba surprised observers Monday when he left the embattled capital to attend Independence Day celebrations in Kinshasa, the capital of the newly named Democratic Republic of Congo. He was expected to attend celebrations commemorating the former Zaire's independence from Belgium 37 years ago.

The war erupted when Mr. Lissouba sent troops to disarm General Sassou-Nguesso's militia, saying he wanted to avoid any disruption of the presidential elections that were scheduled for July 27. General Sassou-Nguesso claimed the president picked a fight so he would have an excuse to delay the vote.

Mr. Lissouba has called for a three-month extension of his mandate, now scheduled to expire at the end of August.

U.S. Moving to Train African Peace Troops

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Teams of Green Beret soldiers from Fort Bragg, North Carolina, are to head for Uganda and Senegal next month to begin training battalion-size units in international peacekeeping.

The two-month tours of duty are billed as the first concrete step in the Clinton administration's long effort to set up an all-Africa military force capable of responding to recurrent upheavals.

Seven African nations have designated eight battalions to take part in the project to enhance the training, equipment and ability to work together of African troops deployed on peacekeeping or humanitarian missions.

The idea for the force has been brewing in Washington for two years. It was modified and somewhat scaled down after the previous secretary of state, Warren Christopher, briefed African leaders on it during a tour in October.

But just as the first field work is set to begin, the planned force has run into strong opposition.

Senator Mitch McConnell, Republican of Kentucky, chairman of the Appropriations subcommittee that controls foreign-aid spending, has cut all $15 million the administration was seeking for fiscal 1998. He called the proposed force an unnecessary duplication of efforts already under way by Britain, France and the Africans themselves.

Other Republican senators have similar views, staff aides said.

The House version of the 1998 foreign aid bill, however, includes the training money. Some officials said they hoped to enlist senior military officers to help persuade Senator McConnell and his allies to restore the money.

According to officials and briefing papers distributed by the State Department, the training of the Ugandans and Senegalese would be followed by similar work in Tunisia, Ethiopia, Mali and Malawi later this year and in Ghana next spring.

Areas of training are to include Western-style peacekeeping doctrine such as relations with noncombatants, mine detection, water purification and communications.

The objective is "to work with African states to create effective, rapidly deployable peacekeeping units (8 to 10 battalions) that can operate under the auspices of the United Nations, the Organization of African Unity or as a free-standing, multinational force in the event of a humanitarian crisis or traditional peacekeeping operations," according to an internal briefing paper. A battalion has 500 to 800 soldiers.

The idea had its genesis in U.S. concern that the tiny central African nation of Burundi was teetering on the edge of the same kind of tribal slaughter that erupted in 1994 in neighboring Rwanda.

"We didn't want to be in the situation we were in there, where it was a choice between nothing getting done and doing it ourselves," an official said.

Since the idea was first presented by the Pentagon to a meeting in February 1996, concern over Burundi has diminished while major crises have erupted in other African countries, including the former Zaire, the Central African Republic and Sierra Leone.

Those outbreaks of violence, some of which generated huge flows of refugees, have reinforced the Clinton administration's desire to upgrade African military capabilities, officials said.

The aim is to have African units ready for quick deployment to crisis zones, compatibly equipped and capable of working together.

As originally presented by officials last fall, the primary purpose of the African force would be to stabilize conflict zones so that humanitarian aid could be provided to civilians. Such deployments might require the use of force.

In discussions, some officials put more stress on a traditional peace role, in which the fighting has stopped and the intervention force then polices the truce.

"This is a training initiative; it is not an operational initiative," a State Department official said. "We will enhance training for work in a contested environment but we're not equipping for that."

Once trained, the African units would stay in their own countries and "mind their own business" until called to take part in an operation, an official said.

During Mr. Christopher's African trip and in following consultations, African leaders said they wanted more authority to decide where a force should be deployed and what it should do.

Led by President Nelson Mandela of South Africa, the Africans made it clear that they did not want just to be bodies that could be moved here and there by outsiders — especially Americans.

One result is that the American plan is still somewhat murky about how the Africans would be given decision-making authority.

BRIEFLY

Palestinian Beaten By PLO Force Dies

GAZA CITY — A Palestinian man beaten unconscious by security forces of the Palestine Liberation Organization on June 23 died Monday in a hospital, according to doctors and a human rights group.

A statement by the Palestinian Center for Human Rights said that Nasser Radwan died Monday afternoon as a result of wounds suffered from the assault in June by members of Force 17 of the PLO.

Mr. Radwan, 28, was the 13th Palestinian to die after being arrested since the Palestinian Authority took charge of parts of the West Bank and Gaza Strip in 1994 under a peace accord with Israel signed the previous year.

The Palestinian Authority has detained 10 police officers, including a colonel, in connection with the beating, a senior PLO police commander in Gaza said. He said the Palestinian leader, Yasser Arafat, had ordered that officers involved in the incident be tried in a military court. *(Reuters)*

Algeria Security Forces Kill 20 Extremists

ALGIERS — At least 20 armed Islamic extremists were killed in the past few days by security forces east and southeast of the Algerian capital, the daily Authentique reported Monday.

Security forces, who are still operating in the regions of Khemis el Khechna, Meftah and Bouira, have seized many weapons, including assault rifles and machine guns, the paper said.

The daily El Watan said Sunday that more than 20 Islamic militants had been killed by security forces in Saida, southwest of Algiers.

The security forces began the operation June 24 after the driver of an ambulance, a nurse and two other people were killed in an ambush by suspected extremists while transporting medical goods, El Watan said.

More than 60,000 people have died in the Algerian conflict since armed Islamic groups began fighting the military-backed regime in Algiers in 1992. *(AFP)*

5 Colombian Soldiers Die in Rebel Ambush

BOGOTA — Leftist rebel units ambushed a military patrol, killing five soldiers and wounding 17.

The attack Sunday was the first large-scale fighting between the leftist Revolutionary Armed Forces of Colombia and government forces since the insurgents freed 70 soldiers after months of captivity two weeks ago.

Many Colombians hoped the release of the soldiers might lead to peace talks.

The insurgents carried out the assault near the village of Tres Esquinas in Caqueta state. Television footage showed military planes dropping bombs during the attack in the jungle region. There was no word on casualties among the rebels.

The Revolutionary Armed Forces of Colombia is the country's oldest and largest rebel group. At war since the 1960s, it says it is fighting for the poor. The military says they are bandits with no ideology and are heavily involved in drug trafficking. *(AP)*

Ethiopia Tells Envoys To Stay Out of Britain

ADDIS ABABA, Ethiopia — Ethiopia's government has ordered its diplomats not to travel to Britain because they must undergo security searches, a newspaper reported Monday.

The instructions were issued in a letter dated June 4 from Prime Minister Meles Zenawi's office after Britain turned down a request that Ethiopian officials traveling on diplomatic passports be exempt from the searches, the independent weekly Reporter said.

"Ethiopian officials holding diplomatic passports have thus been prohibited from traveling to Britain rather than face the humiliating procedure of being searched at British airports," the letter said.

A Foreign Ministry official in Addis Ababa confirmed the report. *(AP)*



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Herald INTERNATIONAL Tribune
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Confront Iraq as One

Six years after the Gulf War, Saddam Hussein remains determined to manufacture chemical and biological weapons and the means to deliver them. The United States must rally a wavering UN Security Council to make sure that the Iraqi dictator does not succeed.

Mr. Saddam still has not resigned himself to the consequences of his disastrous 1990 invasion of Kuwait. That aggression led to Iraq's swift defeat by an American-led military coalition and the enactment of strict UN disarmament requirements.

Baghdad has never fully complied with those strictures. Encouraged by signs of division among the Gulf War allies and the five permanent members of the Security Council, Iraq has stepped up its defiance.

Three times last month it interfered with helicopters taking UN inspectors over suspicious sites, endangering the inspectors' lives.

On three other occasions, it kept inspectors waiting outside the facilities long enough for potentially compromising material to be spirited away by Iraqi agents.

The Security Council responded with a resolution demanding that Iraq immediately cease its belligerent behavior. But in a regrettable though unavoidable compromise, the threat of new sanctions was postponed for at least four months.

Three Security Council members, Russia, China and France, have been increasingly reluctant to insist that Baghdad fulfill its arms control obligations. France hopes for an early resumption of the once profitable commerce between the two countries. Russia would like to see Iraq free to sell more oil so that it can repay its substantial debts to Moscow. China dislikes the whole idea of sanctions, arguing that what countries do on their own territory should not be subjected to international scrutiny or punishment.

The compromise resolution was passed only after strenuous diplomatic efforts by the Clinton administration. France's support came at the cost of watering down and postponing the proposed sanctions. Russia's support required President Bill Clinton's personal intervention with Boris Yeltsin at the Denver summit meeting. China dropped its earlier threat to veto the resolution after suggestions that such a move would antagonize Congress only days before a crucial House vote on Beijing's trade status. Such timely coincidences cannot be counted on the next time Iraq provokes a crisis.

Rolf Ekeus, the UN inspection chief who warned of Baghdad's continuing chemical and biological weapons efforts, will step down on Tuesday after six years of persistent and effective sleuthing. Mr. Saddam is doubtless already preparing to test the mettle of Richard Butler, the Australian diplomat who will succeed Mr. Ekeus.

Mr. Butler, a forceful negotiator and a passionate arms control advocate, has a deserved reputation for toughness. But to succeed in his new assignment, he will also need the consistent backing of a united Security Council. Maintaining that unity will be difficult for Washington. With the threat of chemical and biological weapons involved, the cost of failure could be great.

—THE NEW YORK TIMES

Does the Hong Kong Goose Need Democracy?

By Fred Hiatt

WASHINGTON — For months leading up to Monday's transfer of sovereignty from Britain to China, Hong Kong executives and the Americans they do business with have been trooping through Washington urging us all to relax. We in Hong Kong aren't worried about Beijing taking control, they kept telling us; why are you Americans so uptight about it?

Never mind for now that most of those wealthy executives managed to secure U.S., British or Canadian passports as escape hatches before undertaking their pro-Chinese proselytizing. Never mind that Martin Lee and his fellow popularly elected democrats were simultaneously warning that China already was pruning Hong Kong's liberties, even before taking control.

"Don't pay so much attention to Martin," the business executives would tell us. "He's so negative."

And the evidence they cited was indisputable. Hong Kong's stock market was rising. The value of Hong Kong property was soaring. Nobody was jumping ship; business confidence was at an all-time high. If the markets weren't worrying, why should we?

Hong Kong's reversion to China after 150 years of British rule is many things: a moment of pride for China, the end of empire for the queen (forgetting Gibraltar and a few islands here and there), a crucible of U.S.-China relations. But it may also prove to be a historic laboratory test of one of the key theories underlying U.S. foreign policy: that free trade and free markets are inextricably linked, over time, with civil liberties, democracy and the rule of law.

Certainly, this is the theory behind official optimism about China's takeover. Hong Kong is a fabulous money-making machine, the argument goes, and China's leaders are too smart to kill the goose that keeps laying golden eggs. Since Hong Kong's prosperity depends on all kinds of freedoms that don't exist in China — the free flow of information, a free judiciary, an impartial civil service and more — Beijing won't mess with those freedoms.

Respecting Hong Kong's "autonomy, freedoms and way of life" will be in China's interest, White House national security adviser Sandy Berger says, "because a dynamic, prosperous and free Hong Kong will continue to drive growth and progress in China." And just as democracy promotes growth, so "free and fair trade promotes democracy" — so says the U.S.-China Education Foundation, which is sponsored by Boeing, GE, GM, IBM, Motorola and the American International Group insurance firm.

Is it so? Certainly, global commercial success requires an openness to the world that works against totalitarianism. The ferment of private enterprise both promotes and depends on a degree of personal freedom. China itself is far more open today than 20 years ago, and economic reform is a key reason.

Yet the connections aren't all that certain. Indonesia has enjoyed tremendous economic growth, yet corruption is rampant — forget about an impartial civil service there. And of course China itself remains autocratic, intolerant of any dissent, brutally repressive of labor rights and free association — yet foreign investors keep clamoring for access.

What does this mean for the Hong Kong experiment — a transfer of a free society to Communist control, after so many countries have moved the opposite way? China's leaders remain, as the sinologist Kenneth Lieberthal says, "profoundly statist and authoritarian" in mentality. In contrast to Britain's "cultural" sensitivity "to the letter of the law," Mr. Lieberthal says delicately, "Beijing focuses more on final outcomes rather than on the niceties along the way."

What "final outcome" do China's leaders want for — and from — Hong Kong? Maybe they want the "growth and progress" Mr. Berger speaks of; they certainly don't want the democracy that Boeing and GE claim to be promoting. Above all, they want a continuation of their own rule, and they view Hong Kong as a dangerous source of potential subversion.

Executives expect civil rights to be curtailed, but they don't think doing business will become more difficult.

That is why China already has moved to abolish Hong Kong's elected legislature, establish controls over political groups and demonstrations, send in troops and make clear that "freedom of the press" no longer will extend to criticism of China's leaders, its brutal occupation of Tibet or anything else too sensitive. In the coming year, China is likely to further trim civil liberties and to construct an election law that marginalizes Martin Lee and his democrats (in part by allowing the Chinese Communists to flood their allies with political contributions while barring Mr. Lee from accepting any money from outside).

Similarly, the way Hong Kong does business will change as the press censors itself or is censored, the judiciary comes under Beijing's control and China's powerful and often corrupt clans jockey for influence. "Levels of corruption in business and government have already started rising," Mr. Lieberthal notes, "reflecting the ethics of increasingly active mainland Chinese business people and widespread expectations about the future."

The changes have come gradually, and they are likely to proceed the same way. Will they affect Hong Kong's economic value?

In the long term — five years and beyond, say — the changes may reduce Hong Kong's attractiveness as a place to do business. Even China may have a harder time attracting investment if it can't establish clear rules.

But that is far from the proven rule U.S. businesses would have us believe. And in the short term, frenetic Hong Kong is almost certain to find ways to keep on making money.

Perhaps the most telling evidence comes in a recent Far Eastern Economic Review poll of Hong Kong business executives. The magazine found that 87.5 percent of them believe China will curtail civil rights after the takeover — but only 20.8 percent say that doing business will become more difficult.

When they tell us to relax, in other words, they aren't saying democracy in Hong Kong is safe. They're saying democracy in Hong Kong doesn't matter; the goose will keep on laying no matter what. Whether that's so remains to be seen, but as we watch China establish its control, we should at least be clear about our terms.

The Washington Post.

Safety in Space

The Soviet space program always seemed to be the exception that proved the rule of shoddy Communist production. From Sputnik to Mir, the Soviets accomplished wonders in space. But now one may legitimately ask whether the exploding-television syndrome has infected the space program, too — and whether American astronauts' lives are in danger as a result. An unmanned space cargo vessel collided with the space station Mir, causing a potentially catastrophic pressure leak. The crew of two Russians and one American managed to isolate the damaged module and put themselves out of immediate danger. But the damage, still being evaluated, is significant; the prospect for repair uncertain, and even if the Mir's power can be fully restored, it's unclear whether the American astronaut, Michael Foale, will be able to carry out many of his planned experiments.

Space travel is risky, as those who run America's space programs also can testify with sorrow. Mr. Foale and his traveling companions can escape on an attached Soyuz vessel, so in this case their lives were not in danger, officials say. And there is no denying that U.S.-Russian cooperation in space has provided benefits for both sides: Americans have gained experience in training, supporting and carrying out long-term space habitation that will prove valuable for the space station program.

But it's also indisputable that Russia's financial woes are raising questions about its usefulness as a space partner. It's late on its promised contributions to the space station program. And the collision was only the latest — though clearly the most serious — in a string of Mir mishaps. Mr. Foale's predecessor on board, Jerry Linenger, twice had to prepare to abandon ship — including once when an oxygen canister burst into flames, producing smoke that blocked the escape route to the Soyuz.

The Clinton administration's overall goal of cooperation with Russia is sound. The biggest country in the world is and will remain an important factor in world politics, and the West should integrate it and welcome it rather than take advantage of it during its current troubles. Even a certain amount of pretense to salve Russians' pride is justified toward this goal, as when the G-7 leading industrial nations welcomed Russia into their club though it really can't afford the dues.

But politics and pretense have no place when astronauts' lives are at risk. The House recently passed legislation, sponsored by Representative F. James Sensenbrenner Jr., chairman of the science committee, that would require NASA's chief to certify the Mir is safe or safer than U.S. spacecraft before launching anyone for another long-term stay. That would seem a reasonable and timely requirement.

—THE WASHINGTON POST.

The Moral and Strategic Imperatives of NATO Enlargement

By Zbigniew Brzezinski and Anthony Lake

WASHINGTON — It was raining hard on April 22, 1993.

Hundreds of guests sat in a soggy tent on the South Lawn of the White House, waiting for the president to begin a ceremony marking the opening of the Holocaust Museum.

The dramatic weather reinforced a moment that was filled not only with moral imperative, but also with strategic possibility. For it marked the origin of the American policy to expand NATO.

Inside the White House, the president was meeting invited foreign leaders, many from Central and Eastern Europe. Repeatedly, the president heard from men such as Vaclav Havel of the Czech Republic and Lech Walesa of Poland that NATO must be expanded.

The Soviet Union had only recently collapsed. Its former members in the "gray zone" between Germany and Russia were naturally uncertain. Could they look to the West in confidence, or must they look to the East in fear? Would NATO define itself in the familiar patterns of the past or reinvigorate itself in ways relevant to a new present?

The president was deeply impressed. In subsequent weeks, as the issue was discussed with his advisers, his inclination turned to conviction. And so, at NATO summit meetings from January 1994 to May 1997, he led the alliance on the path toward expansion, a journey that is likely to lead the alliance to extend membership invitations to the Czech Republic, Poland and Hungary next week at its meeting in Madrid.

This is not a policy developed in 1996 for partisan purposes, as some assert. It is a course pursued since late 1993. Indeed, the Partnership for Peace, created in early 1994, was explicitly portrayed from the start as a potential path to NATO membership.

NATO expansion is a creative response to three strategic challenges: to enhance the relationship between the United States and the enlarging democratic Europe: to engage the still evolving, post-imperial Russia in a cooperative relationship with that Europe, and to reinforce the habits of democracy and the practices of peace in Central Europe.

As to the first challenge, the Euro-Atlantic alliance, which proved its worth in the Cold War, is also proving its worth today. Only NATO could act effectively in Bosnia, for example. But the alliance must continue to evolve so that it can take on new missions in a larger and undivided Europe. Our NATO allies also support expansion as a necessary step for keeping the trans-Atlantic link strong.

As for the second challenge, developing a relationship with a democratizing Russia, an expanded alliance provides a hedge against the unlikely but real possibility that Russia will revert to past behavior. It must also contribute to the goal of preventing that from happening. Integrating Russia into the evolving European security structure advances that goal. Hence the recent agreement to create a joint NATO-Russia security council.

Critics say this council will give Russia too much of a voice, but a careful reading of the agreement between NATO and Russia makes it evident that the cries of alarm are exaggerated. Russia does gain a perch in the alliance's antechambers, but it is not seated within the North Atlantic Council, NATO's chief policy-making organ.

The new Russian-NATO council provides for regular as well as special consultations regarding security matters of mutual concern.

However, it is simply not correct to assert that alliance members, in times of crisis, would first have to have their security concerns addressed within the joint council. The agreement makes it clear that NATO would first formulate its own position before consultations with Russia.

Nor should the emphasis on regular consultations cause alarm. An aggressive Russia would simply render the NATO-Russia council impotent because the required consensus for agreed action would then be lacking. An uncooperative Russia would only deprive itself of this valuable consultation mechanism.

Expansion will place the alliance, and the United States, at the center of a wider regional security system to which Russia is related. This is good for the future of Europe — thus good for us Americans.

As for the third challenge, we have already seen tangible ways in which the prospect of membership has encouraged democracy and security cooperation among the Central European states of the former Soviet Union.

Almost everywhere, a democratic center has taken hold, with reinforced civilian control of the military. A half dozen disputes on border and ethnic issues have been settled. And the contributions of troops and other support to the peacekeeping operation in Bosnia by Poland, the Czech Republic, Hungary and others have directly helped NATO's work there.

This does not mean that there are no future concerns. It must be made clear, for example, that our allies and the new members will bear their full share of the costs of expansion. Two additional issues must also be addressed.

First, there is the potential problem during the interim period between the naming of new candidates and the time of their formal acceptance in about two years. In that time, Russia will be engaged with NATO through the joint council, but the candidate members will remain in a no-man's land, anxious about the ability of Russia thus to affect their fate in the alliance.

A solution: admit the candidate members, in the meantime,

Expansion will place the alliance, and the U.S., at the center of a security system to which Russia is related.

into the North Atlantic Council as "observers" or "attendees."

Second, NATO must reiterate in Madrid its commitment to remain open to any democratic European state that meets the objective criteria for membership. As part of a bargain with members that are seeking admission for Romania and Slovenia now — a position opposed by the United States — the Madrid summit meeting might also state that decisions regarding further membership will be made by the time the first group of new members ascends to full membership by mid-1999.

In brief, the enlargement of NATO creates a larger and more stable architecture of peace in Europe and widens the scope of the American-European security connection.

Mr. Brzezinski was national security adviser to President Jimmy Carter; Mr. Lake was national security adviser to President Bill Clinton from 1993 to 1996. They contributed this comment to The New York Times.

Global Warming

There was no way that President Bill Clinton could satisfy everyone in his address last week to the United Nations on climate change, and he did not. By embracing the scientific community's assessment that global warming is a real threat with potentially appalling consequences, he annoyed powerful industries which have been challenging that science because they will bear many of the costs of dealing with the problem. By refusing to embrace a specific timetable for reducing the greenhouse gases that help cause global warming, he disappointed many environmentalists who had hoped for a less ambiguous commitment and faster action.

But none of that should have been surprising. What was surprising was the impressive challenge Mr. Clinton set for himself. The UN session was merely the first in a series of international meetings that will culminate in Kyoto, Japan, in December, when both industrialized and developing nations are expected to sign a treaty binding them to a detailed plan of action. In the interim, Mr. Clinton says he will try to educate the American people about the nature of the problem and give them some straight talk about the costs they will bear and the sacrifices they will have to make. Without such a campaign, he implied, he cannot possibly sell Congress on a program that would impose real costs on individuals and on major producers and users of fossil fuels like the big utilities, the oil companies and the automobile and petrochemical industries.

This will be a huge task, and the most important question, now and after Kyoto, is whether Mr. Clinton is up to it. He must first educate a country that is in the midst of an energy binge to the idea that it will have to break its addiction to the fossil fuels that cause greenhouse gases and, meanwhile, invest heavily in new technologies. He must then sell those same ideas to a Congress that is already complaining that the more modest measures he announced last week to attack ground-level smog and soot are too expensive.

Mr. Clinton has other tricky tasks that extend beyond America's borders. He and his negotiators must join with the industrialized nations on a plan to spread the costs fairly among nations, as well as on a scheme to bring the developing countries into the effort.

—THE NEW YORK TIMES.

U.S. Should Quit Bossing Its Friends

By Anneke van Dok-van Weele

The writer is the Netherlands' minister for foreign trade.

THE HAGUE — Over the past 50 years the United States and Europe have established a political and economic partnership unique in history. Trans-Atlantic trade and investment have brought immense benefits to both continents.

Recently, however, we in Europe have begun to worry about America's commitment to the trans-Atlantic relationship. What has gone wrong?

The shortest way to put it may well be just one word: Cuba. U.S. policy, aimed at removing Fidel Castro and establishing a democracy in Cuba, has been an embarrassing failure for decades. Political and economic sanctions have not made the Cuban people rise up against Mr. Castro; they have instead provided him a perfect excuse for denying his people freedom.

The irony is that the private sector could easily have achieved what the CIA and Cuban exiles have failed to do. Not a single dictator in the world has survived the emergence of a middle class. If trade and investment had been encouraged instead of stymied, we might well have a free and relatively prosperous Cuba today.

This is a tragedy for the Cuban people — and a humiliation for the American people, who allow their leaders to let Fidel Castro hold the United States hostage. Jesse Helms and his colleagues have turned out to be Mr. Castro's staunchest allies.

A greater tragedy is looming, however. Instead of resolving the problem through trade and investment, the United States instead has begun to pressure its friends and allies into emulating its failed Cuba policy through the adoption of the Helms-Burton Act, which provides for sanctions against non-U.S. companies that do business with Cuba.

Making matters worse, the U.S. Congress has also adopted the d'Amato bill covering investments by non-U.S. companies in Libya and Iran.

This type of extraterritorial legislation is unacceptable to European and other democracies. Instead of letting the sovereign parliaments of its allies write rules for their own citizens and companies, the U.S. Congress is trying to impose its own failed policies by force.

The European Union tried to solve its differences with the United States through consultations. When these proved fruitless, Europe had no option but to turn to the World Trade Organization. The United States then told us that Cuba was a matter of foreign policy that should not be dealt with in the WTO. This does not make sense: If the United States uses trade policy measures to achieve foreign policy objectives, it can hardly be surprising that parties affected by those measures appeal to the WTO.

Why is bringing Cuba to heel more important than good relations with Europe?

Aware of the inherent weakness of its case, the United States tells us it will invoke the "national security clause," trying to make us believe that Cuba is a threat to U.S. national security.

Invoking this clause would gravely undermine the WTO, which represents the first successful attempt to build a global economic system in which orderly and effective dispute settlement replaces protracted, costly trade wars. This should be of concern to the United States, since it has been a prime mover in the establishment of the WTO and benefits greatly from it.

For example, eight years of intense U.S. pressure on the European Union to allow U.S. beef treated with natural hormones onto the EU market failed miserably. Only one year of dispute-settlement proceedings at the WTO will soon either force the EU to (grudgingly) allow U.S. beef onto European markets or compensate U.S. farmers to the tune of hundreds of millions of dollars per year.

The World Trade Organization is even more valuable to the United States if one takes into account the liberalization of the global telecommunications and information technology markets achieved at the WTO ministerial conference last year. This liberalization will bring billions of dollars of business opportunities for U.S. companies.

Yet another potential benefit for the United States is China's future membership in the WTO. Having China join a rules-based global trading system will greatly facilitate its smooth merger into the world economy, avoiding trade wars, retaliation, counterretaliation and so on.

In spite of all this, Congress seems to have deliberately embarked on a collision course. And worse is to come: Congress is also undermining yet another excellent example of U.S. economic and political leadership, the Multilateral Agreement on Investment.

Two years ago, the U.S. administration led the way in trying to establish an international agreement on rules covering investment within the Organization for Economic Cooperation and Development. This is an ambitious attempt to provide a level playing field for investments worldwide. Substantial progress has been made, but the negotiations are now threatened by U.S. attempts to incorporate Helms Burton-type provisions into the agreement. Again, substantial American economic and political interests appear to be being summarily sacrificed.

For what? Must we conclude that at a time when communism is receding, bringing Cuba to heel is more important to the United States than good relations with the European Union and the rest of its allies? One cannot help but wonder about the priorities in Congress and the apparent lack of leadership of the Clinton administration on this issue.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Greek Dignity

VIENNA — Telegrams received today [June 30] from Constantinople state that the conference of Ambassadors has unanimously refused to entertain any proposals from Turkey which contain any demand beyond a simple rectification of the frontier. Prince Mavrocordato, the former Greek Minister to Turkey, had declared that the self-respect of the Greek nation would not permit of a European control of its finances on the lines of those of Egypt. It would, however, consent to a modified form of control.

1922: Irish Siege Ends

DUBLIN — The unconditional surrender of about one hundred and fifty irregulars in the Four Courts, at four o'clock this afternoon, terminated the Irish troops' sixty-hour siege of the stronghold, from which a campaign to prevent the operation of the Anglo-Irish treaty and to maintain the ideal of the Republic had been directed during the last three months.

1947: Whales' Life

WASHINGTON — Dr. Raymond Gilmore, government expert on the love-life of whales, has issued his eagerly awaited report. His verdict: Some whales have a lot. Some have none. It all depends. Sperm whales are polygamous. But the baleen takes only one wife and they go south for the summer. Whalers can't make enough money catching the sperm whales, so they must also fetch home the more valuable baleen whales. It wouldn't take long, Dr. Gilmore thinks, for this species to become extinct if it isn't protected. That's why he'd like to see the continuation of an agreement on a sort of whale reservation in the Antarctic.

OPINION/LETTERS

Only Well-to-Do Parents Need Apply

By Bob Herbert

NEW YORK — Marie McCumbers and her husband, Rickey, have played by the so-called rules for years.

They live in Frametown, a little hole-in-the-wall between Clarksburg and Charleston in West Virginia. Mrs. McCumbers is a secretary-receptionist for an organization that supplies food to soup kitchens. Mr. McCumbers is a greenhouse worker. Their combined income this year will be a shade over $20,000.

The McCumbers have two children: Beckie, 10, and John, 13. Not surprisingly, money is always in short supply. Every expenditure is harshly scrutinized.

"Vacation?" said Mrs. McCumbers. "Oh, we go to my mom's for vacation. She lives in Akron. That's about a four-hour drive."

The trip is made in the family's 1987 Blazer, which the McCumbers bought second-hand. "I'm still paying on it," Mrs. McCumbers said.

Luxuries? Entertainment?

"We don't have any frills whatsoever. We don't go out to eat. We don't go to the movies. We don't take our kids bowling."

"It's boring," said John McCumbers.

His mother laughed. "Our entertainment is to go to Sutton Dam. That's a state park. *Doesn't cost anything.*"

The family lives in a three-bedroom, one-story home. Meeting the mortgage is a struggle. There is no financial cushion. Any unanticipated expense is a crisis. Each year at tax time, the refund is used for something important.

"It goes toward my property taxes and homeowner's insurance," Mrs. McCumbers said. "Or the kids' dental work or doctor visits. We can't afford medical insurance for the kids.

"I have to make sure they deduct enough from each paycheck, otherwise we'd have to pay at the end of the year," she added. "I make sure they have me down as single with no dependents."

When politicians talk about tax cuts to help working families with children, you would think they had families like the McCumbers in mind. You would certainly think they were talking about children like Beckie and John McCumbers if they came up with a plan to provide tax credits worth $500 per child.

But if you thought that, you would be wrong. The McCumbers are among several million working and tax-paying families that will get nothing from the ballyhooed child tax credit passed by the House and Senate last week. They are ineligible because their incomes are not high enough.

To exclude the McCumbers and millions of other working-class families from a child tax credit plan while giving the credit to well-to-do families, some with annual incomes higher than $100,000, is absurd.

The legislation passed last week would deny the tax credit to families that account for more than 25 million children. That is 40 percent of all the children in the United States.

The proponents of this unfairness argue that families like the McCumbers benefit from the earned-income tax credit and already pay very low federal income taxes, which is true. But the families also pay payroll taxes and have a substantial net tax liability at the end of the year. The Center on Budget and Policy Priorities noted that families with incomes below $30,000 will owe $644 billion in federal taxes in the period 1996-2000. Ninety percent of that liability will come from payroll taxes, not the federal income tax. If anyone needs tax relief, those families do.

Three years ago Newt Gingrich's Contract With America promised to apply the child tax credit against any net tax liability. Under the contract, even the employer's share of payroll taxes was considered part of a family's tax liability. But the Republicans have broken that promise. Now families like the McCumbers are completely frozen out, not even eligible for a partial credit.

In previous Republican-sponsored proposals, the child credit was to be applied before the earned-income tax credit was taken into account. That protected a few million more families than the current legislation. But there is only so much money available for tax cuts, and the Republicans tightened the requirements over the past few weeks.

The squeezing out of low- and moderate-income families from participation in the tax cuts was necessary to protect the big cuts in capital gains and other taxes that will primarily benefit upper-income Americans. That's how the government works now, all benefits skewed to the top. The triumph of the well-to-do continues.

The New York Times.

Thirty Years Later, the Geezergate Follies: 'Dirty Old Man' Starr Just Never Gives Up

By Maureen Dowd

WASHINGTON — *The Washington Post, Saturday, June 28, 2027:*

STARR EXPANDS CLINTON PROBE, by Bob Woodward

FBI agents and prosecutors working for independent counsel Kenneth W. Starr's Whitewater investigation have questioned gerontologists and pharmacists about any knowledge they might have of whether former President Bill Clinton has switched from Fibercon to Metamucil, according to sources close to the investigation.

Agents have also questioned a number of elderly women whose names

MEANWHILE

have been mentioned in connection with Clinton since he moved to a condo on the 16th hole at the Tiger Woods Golf Retirement Villas and Racial Healing Center in Oxnard, California, the sources said, to see if the ex-president had confided in them about changing brands.

Sidney Blumenthal, a spokesman/taster for Clinton, said last night he had no immediate comment on the 81-year-old former president's level of fiber intake. Clinton's former wife, Hillary Rodham Clinton Rodham, chairman of the board of RJR Nabisco Disney and president emeritus of the Chicago Commodities Exchange, said she "no longer had to worry about what Bill Clinton put in his stomach. But I wish him well."

Susan McDougal, who has been manacled to Starr's desk for several years now, reiterated that she would "never rat out my honeybear Bill for getting me that illegal loan."

The nature of the questioning by Starr's office marks yet another sharp departure from previous labyrinthine avenues of inquiry in his 33-year-old investigation. He started out with an incomprehensible land deal from 1978 and widened his scope to include everything incomprehensible Clinton had ever done. Then he widened his scope to include everything incomprehensible Clinton might have done, including whether he had used a $25,000 "sex slush fund" from James McDougal's S&L to buy little black teddies and big bottles of Soave Bolla for girlfriends. He also looked into Clinton connections to Area 51 and Roswell, the Bay of Pigs, the Trilateral Commission and the Iran-contra affair.

After Clinton left the White House and accepted a job as dean of the Pepperdine Law School, Starr's probe grew much wider. He adopted the maxim "Follow the honeys," looking into all contacts Dean Clinton had with his female students. Excited to be doing his sexual sleuthing in real time, Starr would sometimes escort the young ladies to their appointments with the dean. At night, the independent counsel would break into the dean's beachfront office with tweezers and a magnifying glass to search for evidence.

Earlier this year, when Chelsea Clinton Cuomo became the youngest Supreme Court justice in history, appointed by President Joseph Kennedy, Starr, who was mentioned as a Supreme Court contender back in the era when people did not think he was just a dirty old man, responded by widening the probe yet again.

His office tracked down the grandchildren of eight Arkansas state troopers, now deceased, to see if they had heard anything their granddads might have said about anything any women who knew Clinton might have said about anything Clinton might have said about anything at all.

Starr now runs the second-largest division in government, after the Bureau of Government Reinvention, which grew like Topsy during President Gore's terms. The reclusive Starr emerged for a few moments to speak to

Paula Jones recanted 28 years ago and said she thought Clinton had 'sexy hair.'

CNN correspondent Wolf Blitzer Jr. His hair scraggly, his fingernails curling à la Howard Hughes, Starr shook his fist at critics who say his probe has become a creepy obsession. He was unmoved. 28 years ago, when Paula Jones recanted and said she thought Clinton had "sexy hair."

He said that, given the ex-president's age, he would no longer investigate whether Clinton was cavorting with a lot of women. He will only look into whether Clinton still thinks about cavorting with a lot of women.

Starr said he would not be satisfied until he got the deathbed confessions of Bruce Lindsey and Webster Hubbell, but conceded that might take a while, since both remain in robust health and share a condo at the retirement home with Clinton and Blumenthal.

See GEEZERGATE, A14, Col. 1

The New York Times



LETTERS TO THE EDITOR

Watching Hong Kong

Regarding "Hong Kong Will Need Stable and Improving U.S.-China Ties" (Opinion, June 24) by Charles W. Freeman Jr.:

Mr. Freeman suggests that in 1989 "Beijing and London solemnly agreed that, within a year of the July 1 transfer, Hong Kong's people would for the first time elect their Legislative Council." This is completely wrong. The British and Chinese governments agreed in the 1984 Joint Declaration that the legislature would be "constituted by elections."

The first indirect elections were held in 1985 and a proportion of directly elected seats was introduced in 1991. In 1990, China adopted its own Basic Law for Hong Kong, which set out a timetable and broad framework for the democratic development of Hong Kong's legislature, *with the ultimate aim of universal suffrage.* China itself envisaged that the first step of that timetable would be the introduction of a wholly elected legislature that would transit the change of sovereignty in 1997.

So, far from jumping the gun, Governor Chris Patten was following a well-established path when in 1992 he set out detailed proposals for how the 1995 election should take place. Those proposals were designed to ensure an open and fair election. No one has seriously suggested that the 1995 election was anything but open and fair. People turned out in record numbers to vote, and those candidates advocating the further democratization of Hong Kong secured the clear majority of directly elected seats. Moreover, independent legal experts, giving evidence to the British Parliament in 1994, all agreed that the Patten proposals were consistent with the terms of the Joint Declaration, the Basic Law and other prior understandings with China.

It was a matter of profound regret to both the British and Hong Kong governments that the freely and fairly elected legislature would be dismantled by China and replaced by a provisional legislature selected by about 400 of China's friends.

It is the clear wish of Hong Kong and its many friends in the international community that the provisional legislature be replaced as soon as possible by a properly and openly elected body. The world will be watching closely to see whether this happens.

KERRY McGLYNN.
Hong Kong.

The writer served as press secretary to former Hong Kong Governor Chris Patten.

China's Communist leaders say tough new restrictions are needed to ensure that Hong Kong is not turned into a base for subversion. Hong Kong's public rallies and protest marches posed no threat to China's national security in all the years of British control. Why should they be a threat under Chinese rule?

ROY ESSOYAN.
Haleiwa, Hawaii.

I am a Chinese-American who visits Hong Kong once or twice a year. The article "China Wants an Even More Successful Hong Kong" *(Opinion, June 16)* caught my eye. I wish there were more leaders as statesmanlike as the writer, David K. P. Li, the chairman and chief executive officer of the Bank of East Asia Ltd.

Without resorting to emotional appeal, he is not afraid to use such expressions as "the ultimate loss of face" *(should China fail to run Hong Kong as well as Britain did).* All in all, the arguments he presented and the observations he made form a cogent piece of insight into the intricate situation of Hong Kong.

YVES LIBOU.
Longmeadow, Massachusetts.

Helping the Middle East

Regarding "For Israel, Ballots Against Bullets" (Opinion, May 29) by Amos Oz:

The writer is expressing what I have felt since the assassination of Yitzhak Rabin. Murderers are seen as heroes by parts of Israeli society, thus encouraging people to solve problems by the use of force.

This development must be stopped. Ballots have no chance if a state allows the preaching of hate and murder.

When I was a child and a teenager, I was told that Germany could flourish only at the expense of its neighbors and by eliminating the influence of its "enemies," the Jews, within Germany. I am deeply ashamed by what happened as a result of this philosophy.

The contrary is true: Every nation will profit from good conditions in its neighborhood. Neither Germany's economic miracle nor reunification would have been possible in hateful surroundings. We Germans worked hard, but we also needed partners for the exchange of goods and ideas.

Cannot more people like Amos Oz be found to promote such thinking in the Middle East?

WILHELM KNABE.
Mülheim-an-der-Ruhr, Germany.

Military Interference in Turkey

Regarding "Too Afraid of Islam" (Editorial, June 20):

The editorial was a timely, although tame, expression of concern for the way the Turkish army and political establishment have arbitrarily ousted from power an Islamic-oriented political party that is committed to the democratic process and enjoys the support of more than one-fifth of the electorate.

Military interference in the name of secularism is as undemocratic as the arbitrary actions undertaken by previous regimes.

Democracy means respect for the will of the people, the rule of law and the supremacy of the Parliament. The acquiescence of Western governments and media in the Turkish military's brutal intervention deserves to be vigorously condemned.

KHURSHID AHMAD.
Islamabad, Pakistan.

Making Tobacco Pay

Regarding "Sullen Tobacco Farmers: Somebody's Blowing Smoke" (June 24):

American tobacco growers have a valid point. Why should they be castigated, and eventually penalized, because an adult voluntarily buys a pack of cigarettes?

We have not heard of a deal (similar to the $360 billion one just concluded) between liquor manufacturers and representatives of the hundreds of thousands of people who suffer and die from alcoholism. Nor have we gleaned any information regarding imminent negotiations between U.S. meat processors and health authorities.

Could it be that the states and health authorities undertook an ability-to-serve (debt) analysis of the industries that could be deemed liable for health-care outlays and concluded that the cash-flow prospects of the cigarette makers were far superior?

MOTY ARIELI.
Geneva.

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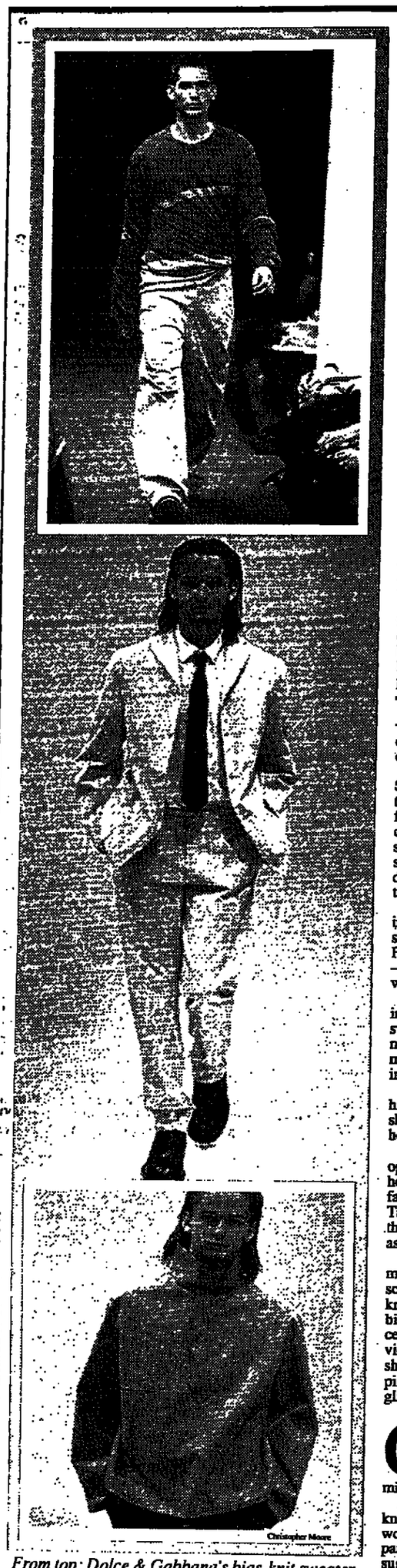
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UNITED COLORS
OF BENETTON.

Style

TOMORROW: STAGE



Milan Arrives At a Cultural Crossroads

The Season Takes On An International Flavor

By Suzy Menkes
International Herald Tribune

MILAN — Like lemon grass perfuming pasta, the Italian collections are taking on an international flavor. Instead of a menswear calendar dominated by bravura Milanese designers, this season Jil Sander from Germany, Jean Paul Gaultier from Paris and John Bartlett from New York have all converged on Milan.

Since Gianni Versace, who usually opens the spring-summer season, showed last week in Florence, Milan now seems less Italian and more a fashion cultural crossroads — although everything is based on the fine fabrics and manufacturing power of Italy.

Sander's show Monday took a stride forward in the international arena. Although known for modernist tailoring, she opened with sportswear — classics like windbreakers and short riding coats given a twist with super-light modern materials. The story was in the precise proportions of flat-front pants to plain sweaters, in the quality

MEN'S FASHION

of glove-soft leather jackets and in the details like shirt collars, buttonholes and the Velcro-fastened shoes.

"It's sophisticated sportswear done in a cool way," Sander said. She had also given a sportiness to summer tailoring, which included lightly structured suits in mat, dry fabrics like treated cotton and slithery effects in viscose. The cut of the jackets was soft at the shoulders, but with more shape than last season's boxy silhouette. From the apparently simple sweaters in cream, gray or navy, through the soft-draped jackets in twisted cotton, the clothes deserved to be touched and studied rather than seen just on the runway.

There is now a divide between designers whose work is introverted — based on the exactness of detail and the subtle drape of cloth — and the extroverts. Gianfranco Ferre is for showmanship, and his desert-beige collection — with sand on the illuminated runway — was to fashion what "The English Patient" was to movies: an epic.

Out came an army of models in their North African-inspired clothes — soft white suits, sand-pale djellaba sweaters, Bedouin-stripe knits — all larger than life but magnificently luxurious of their kind. The bronze torsos of muscled models rippled through ribbed knits or were thrust into soft ginger suede shirts.

"Africa to me is savage and free," said Ferre after taking his bow with models wearing billowing silk caftans in shades of brown. His great escape took sportswear to new horizons that did not seem to belong in this fashion world.

Dolce & Gabbana has a strong signature style, but when it opened the Milanese shows on Sunday with an embarrassing homage to Japanese style, it was a toe-curling moment for fashion professionals. The idea must have looked quite fun: Take elements of the 1980s from punk (metallic zippers on the inside legs and rib cage) through Comme des Garcons' asymmetry and crumpled, destroyed fabrics.

But whereas Domenico Dolce and Stefano Gabbana might have stirred these ingredients into their body-conscious macho style, instead they were served up raw: bias-knitted sweaters dragging across the torso above pants so big and baggy that the cuff swallowed the shoes. The show certainly brought back one aspect of the 1980s: the fashion victim. Individual items, like gauzy sweaters and white shirts, were fine. And just a few slim-line suits and powerful pimento-red suede sportswear showed a tantalizing glimpse of Dolce & Gabbana's sleek, modern style.

CERRUTI'S collection seemed a bit floppy for a man who looks to the house for tailoring. But the fashion story was in its ambiguity, as a shirt became a jacket (and vice versa) and deliberate mismatches of color and fabric played on tone and texture.

Krizia's new designer took the house back to its roots in knitwear. The Englishman Tom Bailey, who formerly worked with Yves Saint Laurent, showed against a transparent scrim and daylight to emphasize the sweet, pale sugared-almond colors and the light-as-a-feather clothes. They included gauzy layered sweaters, pallid suits, sleeves with light-to-dark shading and a witty sweater printed with what looked like the ribs that are so visible in the new season's blow-away clothes.

From top: Dolce & Gabbana's bias-knit sweater and baggy pants; Jil Sander's cotton canvas suit with white shirt and Velcro-fastened shoes, and Sander's super-light cotton windbreaker.



Stefan Kiefer/Agence France-Presse

Wolfgang Ley, president of Escada, and clockwise from top left: sleek pin-striped jumpsuit; long-line transparent mesh dress; masculine-feminine suit with bodice and blouse, and Paulina Porizkova in couture ball gown.

Keeping Them Happy at Escada

After 20 Years, Can 350,000 Loyal Fans Be Wrong?

By Suzy Menkes
International Herald Tribune

MUNICH — In 1998, Escada will celebrate 20 years in fashion. Over the weekend, it sent out the anniversary collection for next spring and summer — colorful, upbeat clothes that were relatively pure and simple.

The water cascading down the backdrop in the vast show arena near Munich was symbolic of a fresh spirit from a house that was once a byword for flash and glitz. A new purity and fluidity was the message of the long-line cardigan jackets, executive pinstripes, gauzy knits and colors that might be neutral or metallic rather than just jewel bright.

"Everyone has an image of Escada as bright colors, big buttons and for their grandmothers," said the design director, Brian Rennie, explaining his urge to appeal to a new generation. "This show is not a return to the 1980s, but to the values that we have stood for — impeccable fabrics, great tailoring and things to make the customers happy."

There are 350,000 dedicated "Escada women" — loyal followers of each season — and they are the people whom the anniversary year will fete, according to Wolfgang Ley, the company's president and co-founder.

"I have seen jubilees and anniversaries where everything is done for the company — I think we should honor our loyal customers," says Ley. He called the show audience of 1,500 buyers and suppliers "a get-together of our international family" and his hourlong address included a slide show of new stores in Florence, London and Taipei and awards for leading salespersons.

FIRST up on stage was Elaine Cohen of the New York flagship store with an annual 1996 sales figure of $4.1 million; next Ann Wang of Los Angeles with $3.6 million. Even in a period when a booming economy is beginning to arouse sluggish fashion sales, these figures are awesome.

What is the secret that has turned the Escada group into a company with 1.4 billion Deutsche marks ($810 million) in consolidated net sales in two decades — and one based genuinely on clothing, rather than on ancillary products?

"It sounds so easy — you give all women what they want and what they need, with value and quality," Ley said. "Twenty years ago I was a manufacturer. I adopted the attitude of a retailer and the eyes of a consumer. This is the difference: The consumer comes first."

Rennie played to the clients in the 450-outfit show. They like jackets, so jackets came in abundance, from the pin-striped pantsuits (illuminated with fancy men's vests), through gleaming leather coats and bright blazers. Lacy cardigan tops worn with shantung pants looked fresh and so did sheer tops, used sensibly with lagoon-blue swimsuits. Bright yellow pantsuits (think matching high heels) and bold animal prints gave the collection an assertive femininity in the tradition of the late Margaretha Ley, the company's founding spirit and the woman who, Ley says, taught him everything.

The couture part of the collection was strong but relatively quiet, with its lacy dresses and white silk pantsuits cut on slender lines. There was just a smattering of ball dresses, including a dramatic bronze gown worn by the model-turned-actress Paulina Porizkova, the face of the new fragrance. Only the "occasion" dressing (read fancy suit and hat for mother of the bride) seemed stuck in an older groove.

The success of the expanding couture line (worth 18 million DM in sales) was shown by photographs of Escada-dressed celebrities from Princess Diana through the Chinese actress Gong Li, Jerry Hall and Queen Sofia of Spain.

Yet Escada remains a fashion conundrum. For here is a house with a definite style — extrovert and energetic — but no artistic soul.

Rennie, an English designer trained at London's Royal College of Art, has been with the company nearly 10 years and has a design team of 19 in his studio. They might have given an identity to Escada by absorbing into the collections the rich heritage of Munich: the town's spires, ocher buildings and decorated facades. There ought to be a rich source of inspiration in the Bavarian gingerbread houses, rococo palaces, verdant forests and even the folkloric Tyrolean costumes. Or even in Escada's Munich boutique, which has a historic facade of cavorting cherubs, although it is airy and luxuriously modern inside.

Instead of a creative signature, Escada design is an echo site, with a faint resonance of Gucci in the pinstripes, Hermes in the leather, Versace in a slip dress and so on across fashion's world-wide designer web. The clothes are high fashion digested and made palatable for a no-nonsense consumer. Or as Ley puts it: "We try and translate creativity into a modern, salable product."

The American designer Todd Oldham was brought in as a consultant two years ago. He sat front row in funky madras pants, but he admits that "it's hard to describe exactly what I do here," among "a cast of thousands."

Rennie says that the Escada collection is meant to be a client pleaser, although he always tries to "push them forward."

"I am proud that every single outfit on the runway, except for one ball dress, is for sale," he said. "I like to push the boundaries, but it's all about making money. I still send every new designer out to the boutiques so that they see what the customer wants."

THE international designer shows seem increasingly divorced from the reality of women's lives, but Escada takes the opposite approach. For the Escada Sport collection (a separate, 80 million DM division started two years ago), the design team defined aspects of a modern woman's nonworking life and divided the collection into free time, weekend and active wear. The clothes are made in an expansive choice of colors, sizes and fabrics.

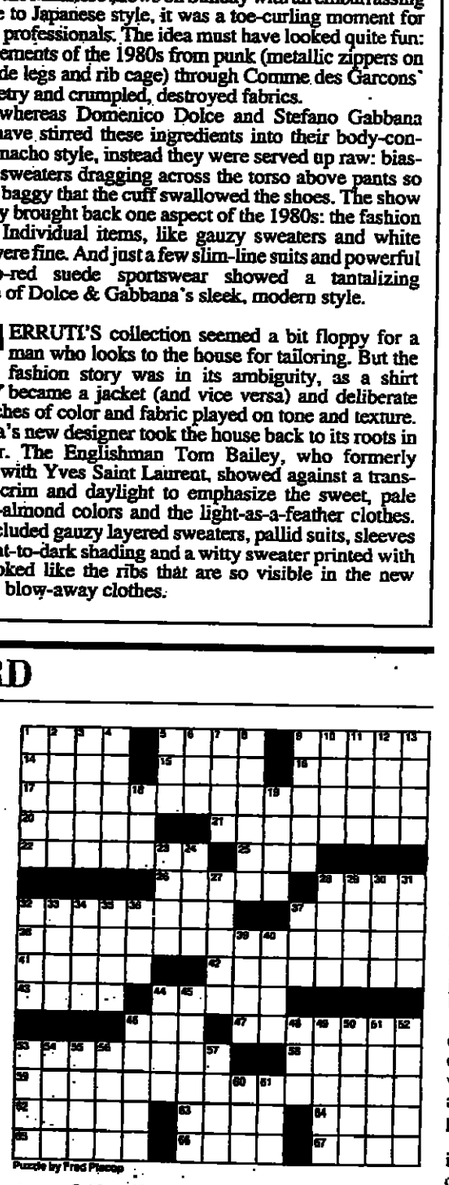
In the stores, loyal clients are cherished like airline frequent fliers, and even passing customers are offered a drink, a place to sit — and in the Munich store a flower-strewn terrace. A high-spending couture customer might be offered a home visit to select clothes in privacy.

So why shouldn't shoppers have such pleasant expectations of buying clothes? Modern women are too busy and too savvy to accept kiss-off lines like "not in your size" or "navy isn't in this season." Just for the service they give to their customers, Escada deserves its commercial success. And 350,000 women bear witness to that.

CROSSWORD

ACROSS
1 The Hatfields or the McCoys
5 Trip to Mecca
9 Quench
14 Any one of three English rivers
15 "Summertime," e.g., in "Porgy and Bess"
16 Jazzman's cue
17 Woolen wear
20 Bizarre
21 Small ball
22 Makes certain
25 Long, long time
26 Toyota model
28 Govt. agent
32 Fortify, as a town
37 Brit's reply in agreement
38 Spot in a supermarket
41 Cowboys' entertainment
42 Said again
43 Not new
44 Scold
46 Court
47 Riddles
53 Names
58 A lot of Shakespeare's writing
59 Ambassador's stand-in
62 You can dig it
63 Island near Kauai
64 Touches lightly, as with a hanky
65 Soccer shoe
66 Ending with cable or candy
67 Command to Fido

DOWN
1 Drink served with marshmallows
2 Hawaiian feasts
3 Aides-de-camp: Abbr.
4 India's first P.M.
5 "Scots Wha ___" (Burns poem)
6 Sheet music abbr.
7 Goes kaput
8 Quartz variety
9 Oft-televised bishop
10 Polygraph flunker
11 Westernmost Aleutian
12 Canal to the Baltic
13 Raison d'___
18 Debussy's "La ___"
19 Rider's "Stop!"
23 "What's this, Pedro?"
24 "Star Trek" helmsman
27 Kind of lab dish
28 Melt ingredient
29 Catcher's catcher
30 Suit to ___
31 Taped eyeglasses wearer
32 Very light brown
33 Conductance units
34 "Venerable" English writer
35 Passed with flying colors
36 Bout outcome, in brief
37 "___ Sera, Sera"
39 Give up
40 Begin bidding
44 Baskin-Robbins purchase
45 Show off on the slopes
46 Isle of ___
48 Sweet-as-apple-cider girl
49 Diagrams
50 French Revolution figure Jean Paul ___
51 Microscopic creature
52 Giving a little lip
53 Electrical letters
54 Sen. Gramm
55 Noggin
56 Killer whale
57 Coal-rich European region
60 Home-financing org.
61 "Fe fi fo ___!"



Puzzle by Fred Piscop

© New York Times/Edited by Will Shortz.

Solution to Puzzle of June 30

A	H	E	M		S	W	O	R	D		G	E	N	A
N	O	V	A		P	A	T	T	I		U	P	O	N
T	W	I	N	C	I	T	I	E	S		N	E	E	D
E	L	L	I	O	T	T	S		S	A	G	E	L	Y
		F	E	E			G	O	S	H				
	H	O	O	D		F	U	L	L	H	O	U	S	E
S	A	U	L	S		O	L	I	V	E		N	A	G
H	I	N	D		D	O	N	N	E		D	I	V	A
A	K	C		G	E	T	A	T		M	E	T	E	D
Q	U	E	E	N	B	E	E	S		I	C	E	D	
		L	A	U	D				A	N	A			
D	I	S	O	W	N		S	O	R	E	N	E	S	S
A	S	A	P		K	I	N	G	C	O	T	T	O	N
Z	A	N	E		E	M	I	L	E		E	R	M	A
E	Y	E	D		D	A	T	E	D		D	E	E	P

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Herald International Tribune

BUSINESS/FINANCE

R TUESDAY, JULY 1, 1997 PAGE 15

U.S. Rejects Levying Tax On Internet

Clinton to Let Business Regulate Itself On-Line

By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — After a two-year study, the administration has decided not to call for new taxes or regulations on business conducted over the Internet and instead will largely allow the private sector to determine how it will operate in cyberspace.

The stance, detailed in a report to be released Tuesday by President Bill Clinton, is a departure from the federal government's practice of closely regulating other electronic networks, such as telephones, television and radio.

Administration officials and technology industry leaders contend that new laws and taxes could stymie the development of electronic commerce. If left loosely regulated, industry analysts say, Internet trade in the United States could reach $200 billion by 2000.

"For this potential to be realized fully, governments must adopt a nonregulatory, market-oriented approach," the report's final draft says.

Industry executives who have seen draft versions of the report commended the administration's approach, saying that businesses, wary of the Internet, need the incentive of regulatory freedom to embrace electronic commerce. Consumers, too, have been cautious about making purchases on-line.

The report also highlights a shift in the administration's policy toward adult material on the Internet in the aftermath of the Supreme Court's rejection last week of a federal law forbidding the transmission of "indecent" material to minors over computer networks.

Although the administration had supported the law, it is now asking the industry to police itself through a ratings system and advocating the use of software that allows parents to block children's access to objectionable Internet content.

The report, in many ways, is intended to set an international agenda for the

See WEB, Page 20



Michael Urban/Reuters

AIRING OF A SCANDAL — Juergen Schneider, right, arriving Monday for trial in Frankfurt on charges the real-estate tycoon defrauded banks of 300 million Deutsche marks ($174.1 million). He said the banks bore some responsibility. With him were his lawyer, Franz Salditt, left, and a co-defendant, Karl-Heinrich Kuepferle.

French Jobless Rolls Increase by 1.1%

Compiled by Our Staff From Dispatches

PARIS — The government said Monday that the number of unemployed workers jumped 1.1 percent in May, reversing three months of declines, as French companies remained reluctant to hire amid sluggish economic growth.

The number of jobless rose by 32,400, to 3,113,500, in a reminder to the new government of the uphill task it faces in fulfilling its campaign pledge to cut unemployment. But the jobless rate was unchanged at 12.5 percent.

The rise was the biggest monthly increase since October 1993, the Labor Ministry said. Over the past year, the number of job-seekers has risen 2.3 percent.

France's high unemployment rate was a key reason why the center-right coalition lost a general election June 1 to Lionel Jospin's Socialist-led alliance. The new prime minister has pledged to create 700,000 jobs, a promise that economists say will be hard to keep.

Members of his party criticized Mr. Jospin this weekend for failing to stop the French automaker Renault SA from closing a plant in Vilvoorde, Belgium.

"This unemployment figure," said Eric Chaney of Morgan Stanley & Co., "unveiled when the closure of a Renault factory in Belgium was confirmed, is likely to have political implications. The Communists are going to exert strong pressure on the government to accelerate its jobs program."

Before the election, Mr. Jospin said he would oppose the closure. However, the government's need to reduce the budget deficit to 3 percent of gross domestic product — the limit to qualify for the European single currency — means it cannot easily afford to bail out companies. *(Bloomberg, Reuters)*

■ Finnish Growth Rate Soars

Finland's GDP grew 8 percent rate in April compared with the year-earlier period and increased 0.5 percent from March as agriculture and forestry activity soared, Bloomberg News reported from Helsinki.

Although the economy was expanding faster than expected, analysts said they were not concerned that the strong growth would fuel inflation because the unemployment rate remained high.

"The figure was high because of special effects, such as differences in working days and low comparative figures from last year," said Kirsi Hokka, an economist at Handelsbanken in Helsinki. "High unemployment helps keep inflation at moderate levels."

This year, April had 2 more working days than last year. Figures were not adjusted for the difference.

Growth and inflation figures are closely watched in Europe because most central banks are mandated to raise interest rates if growth threatens to fuel inflation. In Finland, the central bank focuses both on inflation and maintaining a stable currency.

U.S. Economy Shows Signs of a New Surge

Manufacturing Data for June Rise

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. economy displayed signs of a return to strong growth Monday as reports showed that manufacturing surged in June and that sales of new single-family homes staged a stronger-than-expected rebound in May.

A manufacturing index compiled by the Purchasing Management Association of Chicago jumped to 61.5 in June from 56.8 in May, while the New York purchasing managers' index rose to 64.9 from 50.8 a month earlier.

Commerce Department figures showed that sales on new single-family homes advanced 7.1 percent in May after falling a revised 8.1 percent in April.

Bonds and blue-chip stocks fell on the news, as investors worried that the Federal Reserve Board might need to raise interest rates to guard against inflation if the economy continues to rebound.

"These numbers are fairly jarring," said Peter Kretzmer of NationsBank Corp. "They're strong across the board."

The Fed's Open Market Committee, which determines monetary policy, meets Tuesday and Wednesday.

A separate report from the Commerce Department, however, provided some evidence that growth was still moderate and that inflation was not yet a threat.

Consumer spending and personal income both rose 0.3 percent in May, in line with most analysts' expectations. Personal consumption had risen just 0.1 percent in April, its slowest advance since last September.

Analysts said they thought spending had decelerated to about a 2 percent annual rate during the April-June quarter, less than half the 5.6 percent rate of the first three months. But in the months ahead, they said, the highest levels of consumer confidence in three decades and low unemployment could provide more growth.

Consumer spending represents about two-thirds of U.S. economic activity.

In an effort to prevent the economy from overheating and to extend the expansion, the Fed tightened credit in March for the first time in more than two years, bumping up a key short-term rate by a quarter percentage point, to 5.5 percent.

Since then, the economy has slowed sharply, to an annualized pace of between 1.5 percent and 2.0 percent in the second quarter from a sizzling 5.9 percent rate in the first. The first-quarter rate was the fastest clip in more than nine years.

"The slowdown has come quicker and more abruptly than many people had expected," said Joel Prakken, chairman of Macroeconomic Advisers. "It has kind of frozen everybody."

Monday's reports sent bond prices lower, lifting the yield on the benchmark 30-year bond to 6.78 percent from 6.74 percent on Friday. (Page 16)

"History would suggest that this strong growth and low inflation is something that can't last forever," said Gary Thayer of A. G. Edwards & Sons Inc. "There is still the risk that the economy stays strong, which means it'll be harder to keep inflation restrained."

The Chicago purchasing managers report, considered by many a harbinger of a national report scheduled to be released Tuesday, showed that while Midwestern manufacturers continued to pump out goods, prices had fallen. The national report is also expected to portray growth in factory activity, though perhaps at a slower pace than the Chicago and New York indexes.

In the home-sales report, the level of new sales climbed to a seasonally adjusted annual pace of 825,000 in May. That may translate into increased purchases of appliances and other big-ticket goods, Mr. Kretzmer said.

Moreover, the supply of homes for sale nationwide — a key gauge of consumer demand — decreased by 1.8 percent in May to an annualized rate of 280,000, the lowest since July 1993. The inventory of vacant homes also fell to a 4.1-month supply, the lowest since July 1971. A supply exceeding six or seven months suggests that real-estate markets are saturated.

Lower prices and mortgage rates attracted buyers. The average price of a new home fell 7.1 percent to $166,900 in May. *(Bloomberg, AP, Reuters)*

Thinking Ahead /Commentary

Europe Should Drop Its 'Third Way'

By Reginald Dale
International Herald Tribune

WASHINGTON — A debate among Western leaders about the future of capitalism ought to advance the cause of international understanding. But the childish exchanges between Americans and Europeans over whose economic model is superior at the economic summit meeting in Denver in June have had exactly the opposite effect.

By bragging clumsily about U.S. economic successes to his Group of Seven partners, President Bill Clinton simply entrenched many Europeans in their resistance to the free-market "Anglo-Saxon model" and heightened their determination to find fault with the American way of life.

The result has been to spur on those, like the new Labour government in Britain, who are peddling a different kind of patent medicine — a so-called Third Way, which would supposedly avoid the worst failings of both the U.S. and the European systems. Such talk is both dangerous and misleading. The risk is that it will lull Europeans into the erroneous belief that there is an easy exit from their current problems of slow growth and sky-high unemployment.

There is no easy exit from economic problems.

That is precisely the illusion to which President Jacques Chirac of France fell victim when he too indulged in Third Way rhetoric after his election two years ago, and then watched helplessly as unemployment soared.

Europeans have been vainly seeking a Third Way — initially between capitalism and communism — since the 1920s. The demise of communism has now further narrowed the available choice of economic models.

The idea that Western countries are at a crossroads from which Route One leads to the United States, Route Two to Continental Europe and Route Three to a lotus land of full employment and social solidarity simply does not fit the facts.

It is true that with the end of the Cold War, differences between America's individualistic capitalism and Europe's more collectivist variety have emerged with greater clarity. But there are not just two monolithic models, one on either side of the Atlantic.

In Europe there are still big differences between the free-trading North and the traditionally protectionist, more authoritarian South. Although northern Italy is the richest part of Europe, the country as a whole, by one measure, now has more of its economy under state control than Russia.

Even in the United States, attitudes to capitalism are different in, say, Texas and Massachusetts, and America is not as exaggeratedly laissez-faire as Europeans often suppose. People are not just left to die on the street or refused emergency medical care. An attempt to abolish rent controls in New York City has met with howls of protest.

Europe, on the other hand, is more flexible and varied than many Americans think. U.S. companies respond to market forces by expanding or reducing their workforces; European companies keep the same number of workers but have them work longer or shorter hours.

Most Europeans know they have to modernize their economies, but they are doing it at different speeds. Britain, the Netherlands and Ireland, for instance, are in the forefront, followed by Spain and Portugal. Germany is struggling to change, while France, under its new Socialist-led government, is heading backward.

There is no mystery about what Europe must do if it wants to create more jobs. Rather than dream about a meaningless Third Way, it must deregulate its labor markets, reduce the high cost of social benefits, make both hiring and firing easier and encourage entrepreneurial initiative to flourish.

There can be no escaping the conclusion that this means becoming more like America. It will be much easier, however, if Europeans understand that they can learn from the United States without having to adopt the whole American system lock, stock and barrel. Unfortunately, that was not the message from the economic summit meeting in Denver.

CURRENCY & INTEREST RATES

Cross Rates

June 30

	$	£	DM	F.F.	Lire	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.9595	3.2263	1.1259	0.334	0.1154*	—	5.6565*	1.3459	1.7142*	1.4115	1.3225*
Brussels	34.691	57.0725	39.9205	11.733	4.1238*	17.338	—	24.0625	30.3345	25.05	24.01*
Frankfurt	1.5362	2.5022	—	0.2946	0.1024*	0.9884	4.8467*	1.195	1.5253*	1.2445	1.1934*
London (a)	1.6643	—	2.9801	0.9771	0.3331.887	2.5629	13.8286	2.4263	193.4459	2.296	244.2687
Madrid	149.348	245.379	89.259	25.869	8.657*	75.074	4.0858	108.972	128.767*	106.867	—
Milan	1,702.65	2,834.42	908.23	289.38	—	862.20	47.372	1,344.35	1,470.4	1,224.44	11.553
New York (b)	—	1.66574	1.2455	0.3802	1.699.00	1.1643	36.01	1.4635	114.655	1.3808	147.37
Paris	5.1577	9.288	3.3712	—	0.3454*	2.9947	0.1634	4.0278	5.1265*	4.1479	3.9885*
Tokyo	114.35	198.39	65.74	19.58	0.621	58.40	3.187	80.68	—	82.77	0.7868
Toronto	1.3808	2.2985	0.7914	0.2369	0.0823*	0.7008	0.3858*	0.9450	1.2051*	—	0.937*
Zurich	1.4534	2.4227	0.8344	0.2481	0.0857*	0.7428	0.109*	—	1.2734*	1.0558	0.989*
1 ECU	1.13	0.6786	1.5982	0.4419	1.703.25	2.2179	40.6526	1.449	129.308	1.1581	1.469
1 SDR	1.3919	0.8363	1.498	0.5122	2,352.73	2.719	49.859	2.0038	157.734	1.4256	203.888

Closings in Amsterdam, London, Milan, Paris and Zurich. Rates in other centers: New York rates at 4 P.M. and Toronto rates at 3 P.M.
*a- To buy one pound; b- To buy one dollar. *Units of 100. N.Q.: not quoted. N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	274.88	Mex. peso	7.938	S. Afr. rand	4.5235
Australian $	1.3414	Hong Kong $	7.7479	N. Zealand $	1.4771	S. Kor. won	887.80
Austrian sch.	12.267	Hung. forint	185.97	Norw. krone	7.3216	Saud. kroon	7.7387
Brazil real	1.05	Indian rupee	35.815	Phil. peso	26.37	Taiwan $	27.81
Chinese yuan	8.329	Indo. rupiah	2431.50	Polish zloty	3.27	Thai baht	24.10
Czech koruna	32.05	Irish £	0.6671	Port. escudo	175.96	Turkish lira	147025.
Danish krone	6.6355	Israeli shek.	3.6021	Russ. ruble	5765.50	UAE dirham	3.6710
Egypt. pound	3.3952	Kuw. dinar	0.3024	Saudi riyal	3.75	Venez. bolfv.	485.75
Fin. markka	5.1988	Malay. ring.	2.524	Sing. $	1.4300		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6625	1.6619	1.6604	Japanese yen	113.92	113.45	112.96
Canadian dollar	1.3752	1.3729	1.3780	Swiss franc	1.4542	1.4492	1.4441
Deutsche mark	1.7394	1.7358	1.7320				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

June 30

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5½ - 5⅝	3 - 3⅛	1¼ - 1⅜	6⅝ - 6¾	3⅞ - 4	½ - ⅝	4⅛ - 4⅜
3-month	5⅝ - 5¾	3 - 3⅛	1⅜ - 1½	6¾ - 6⅞	3¾ - 3⅞	⅝ - ¾	4⅛ - 4⅜
6-month	5¾ - 5⅞	3⅛ - 3¼	1⅜ - 1½	6⅞ - 7	3⅞ - 4	¾ - ⅞	4⅛ - 4⅜
1-year	5⅞ - 6	3⅛ - 3⅜	1½ - 1⅝	7⅛ - 7¼	3⅞ - 4	⅞ - 1	4⅛ - 4⅜

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5⅝	5⅝
90-day CDs dealers	5.68	5.68
180-day CP dealers	5.55	5.56
3 month Treasury bill	5.06	5.01
1-year Treasury bill	5.36	5.32
2-year Treasury bill	6.07	6.01
5-year Treasury note	6.39	6.33
7-year Treasury note	6.44	6.38
10-year Treasury note	6.50	6.44
30-year Treasury bond	6.78	6.74
Merrill Lynch 30-day RA	5.06	5.06
Japan		
Discount rate	0.50	0.50
Call money	0.46	0.46
1-month interbank	0.56	0.55
3-month interbank	0.65	0.63
6-month interbank	0.70	0.70
10-year Govt bond	2.60	2.60
Germany		
Lombard rate	4.50	4.50
Call money	4.50	3.10
1-month interbank	3.10	3.12
3-month interbank	3.13	3.13
6-month interbank	3.15	3.15
10-year Bund	5.72	5.63

Britain	
Bank base rate	6½
Call money	6⅛
1-month interbank	6⅛
3-month interbank	6⅛
6-month interbank	6⅛
10-year Gilt	7.09
France	
Intervention rate	3.10
Call money	3⅜
1-month interbank	3⅛
3-month interbank	3⅜
6-month interbank	3⅜
10-year OAT	5.58

	3.10	3.10
	3⅜	3⅜
	3⅛	3⅛
	3⅜	3⅜
	3⅜	3⅜
	5.58	5.70

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	334.20	—2.20
London	334.05	334.55	—2.00
New York	333.90	335.10	—0.80

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices: New York Comex (Aug.)
Source: Reuters.

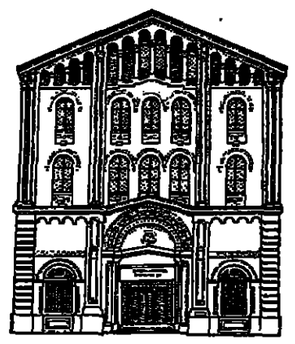
PRIVATE BANKING

We're not just on the map.
We're all over it.

It's not only our vast worldwide network that keeps us at your side at all times.
It's our total commitment to serving your unique demands, wherever you may be.
From the time we opened our first office in Switzerland in 1876, Credit Lyonnais has earned an enviable reputation for Private Banking based on dialogue and personal relationships.
The founder of Credit Lyonnais, Henri Germain, expressed it most succinctly when he created the bank's motto:



"Business is people, not just figures".
This has been the very essence of our banking philosophy from generation to generation.
We listen well to our clients' priorities as we help them navigate diverse and fast-changing financial markets. Perhaps that is why today we manage more than 9 million private accounts. And why we are often cited as a world reference bank for the private customer.
But there is yet another dimension to a successful banking partnership.
Your banker must make sure you get where you want to go. Providing innovative solutions and insightful answers through in-depth resources and experience in the world's leading marketplaces.



Our Geneva subsidiary, specialized in Private Banking since 1876.

Credit Lyonnais' Private Banking network can always put the financial technology and expertise you need at your finger tips. Precisely when you need it.
The combined strength of these two dimensions – close, trusting partnerships and vast global resources – creates something unique in Credit Lyonnais Private Banking.

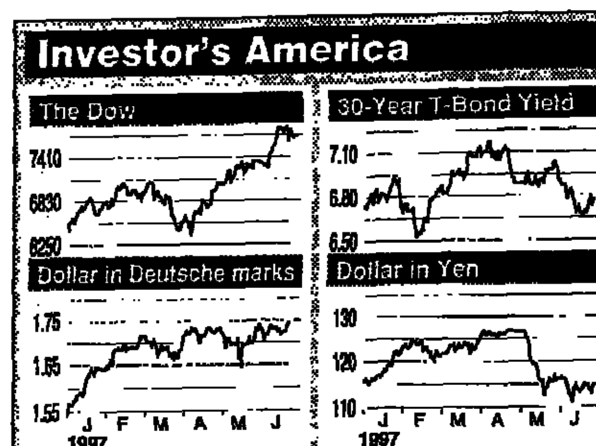
Let's talk.

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HONG KONG TEL. 852/28 02 28 88 • SINGAPORE TEL. 65/535 94 77

THE AMERICAS

Investor's America



Exchange	Index	Monday 4 PM	Prev. Close	% Change
NYSE	The Dow	7672.79	7687.72	-0.19
NYSE	S&P 500	[illegible]	[illegible]	[illegible]
NYSE	S&P 100	[illegible]	[illegible]	[illegible]
NYSE	Composite	[illegible]	[illegible]	[illegible]
U.S.	Nasdaq Composite	[illegible]	[illegible]	[illegible]
AMEX	Market Value	[illegible]	[illegible]	[illegible]
Toronto	TSE Index	[illegible]	[illegible]	[illegible]
Sao Paulo	Bovespa	[illegible]	[illegible]	[illegible]
Mexico City	Bolsa	[illegible]	[illegible]	[illegible]
Buenos Aires	Merval	[illegible]	[illegible]	[illegible]
Santiago	IPSA General	[illegible]	[illegible]	[illegible]
Caracas	Capital General	[illegible]	[illegible]	[illegible]

Source: Bloomberg, Reuters — International Herald Tribune

Very briefly:

• **Canada** said a **World Trade Organization** appeals board had upheld a ruling against its taxes on domestic editions of such U.S. magazines as Sports Illustrated. The board also ruled for Washington in rejecting Canadian postal subsidies for domestic publications, reversing the original finding.

• **JP Foodservice Inc.** is buying **Rykoff-Sexton Inc.** for about $1.4 billion in stock and debt to create the second-largest U.S. food distributor. Rykoff shareholders are to receive 0.84 JP Foodservice shares for each of their shares.

• **AT&T Corp.** will cut basic long-distance rates for consumers by 5 percent during the day and evening and 15 percent at night and on weekends. The reductions, to take effect July 15, are for customers not already enrolled in a calling plan.

• **General Motors Corp.** and **United Auto Workers** negotiators resumed talks aimed at ending a two-month-old strike at a Pontiac, Michigan, pickup truck plant.

• **Bay Networks Inc.** said it will make its equipment compatible with **U.S. Robotics Corp.**'s 56K technology, giving the modem maker an important ally in the battle for the high-speed modem market. *Bloomberg, AFP*

Weekend Box Office

The Associated Press

LOS ANGELES — "Face/Off" dominated the U.S. box office over the weekend, with a gross of $22.7 million. Following are the Top 10 moneymakers, based on Friday's ticket sales and estimated sales for Saturday and Sunday.

1. Face/Off	(Paramount)	$22.7 million
2. Hercules	(Walt Disney)	$21.5 million
3. Batman & Robin	(Warner Bros.)	$15.4 million
4. My Best Friend's Wedding	(Tristar Pictures)	$15.3 million
5. Con Air	(Touchstone Pictures)	$5.5 million
6. Lost World: Jurassic Park	(Universal)	$4.4 million
7. Speed 2: Cruise Control	(Twentieth Century-Fox)	$3.2 million
8. Liar Liar	(Universal)	$942,700
9. Austin Powers	(New Line Cinema)	$757,000
10. Ulee's Gold	(Orion Pictures)	$637,000

Domos Drops Cuban Phone Stake

Mexican Firm Hit by Sanctions and Financial Problems

By Larry Rohter
New York Times Service

MIAMI — Hamstrung by U.S. economic sanctions and its own financial problems, Grupo Domos, the Mexican conglomerate that had been the largest foreign investor in Cuba, has relinquished its stake in the Cuban telephone company and withdrawn from the island.

For the last three years, the telecommunications company based in Monterrey has been minority partner in a $750 million joint venture with the Cuban government in that country's telephone monopoly. But Cuba's phone system once was owned by U.S. interests, which became an issue last year after the U.S. Congress acted to intensify the 35-year-old economic embargo against Cuba.

The legislation, enacted after Cuban warplanes shot down a pair of U.S.-registered civilian light planes over international waters, requires foreign companies to report to Washington any property they have in Cuba that was confiscated from American owners by the government of Fidel Castro. Those companies can then be sued in U.S. courts for compensation.

Last summer, Domos was one of three companies identified by the Clinton administration as violating the measure, known as the Helms-Burton Act, after its two principal sponsors. As a result, top Domos executives, shareholders and family members have been denied U.S. visas.

Cuban exile groups here, as well as some U.S. officials, are citing Domos's withdrawal as proof that Helms-Burton is an effective tool in weakening Mr. Castro and the Cuban economy. But analysts say that Domos's decision was made for reasons that are far more diverse and complicated.

Officials at the Ministry of Foreign Investment and Economic Cooperation in Havana did not respond to telephone inquiries. Domos executives did not return telephone calls seeking comment. The Domos action was first reported Friday in The Miami Herald.

Both Mexico and Canada, partners of the United States in the North American Free Trade Agreement, have severely criticized Helms-Burton, describing the law as a restraint on trade and investment that violates the agreement and other international treaties. European allies of the United States have also attacked the measure and threatened to file a formal complaint with the World Trade Organization.

The Domos deal was announced amid great ceremony in Havana in 1994 in the presence of both Mr. Castro and Carlos Salinas de Gortari, then the president of Mexico. At the time, the agreement was seen as opening the way to future Mexican involvement in refurbishing and expanding various Cuban industries.

But the Mexican peso collapsed later that year, plunging the investment into jeopardy. A weak peso made it increasingly difficult for Domos to obtain the dollars it needed to fulfill its obligations under the agreement, and it missed several deadlines, Cuban government officials said.

Worried that plans to modernize the moribund Cuban telephone system, expropriated from the ITT Corp. in 1960, were in danger, Havana began looking for other foreign investors. The Italian company Societa Finanziaria Telefonica eventually came in as a partner, and has given every indication it intends to remain in Cuba.

U.S. officials and industry executives said ITT, which has $130 million in outstanding Cuban claims, and STET have been talking intermittently for several months about an agreement to compensate the U.S. company for its confiscated holdings. In theory, such an accord would exempt STET executives from Helms-Burton's most damaging provisions.

U.S Executives Warn Against Sanctions

Bloomberg News

WASHINGTON — The United States should be cautious in imposing trade sanctions on other nations, a White House report said Monday.

The report by President Bill Clinton's Export Council, which includes top executives of major U.S. companies, said trade sanctions imposed by Washington could end up harming U.S. corporations.

The report estimated that trade sanctions cost U.S. corporations between $15 billion and $19 billion in 1995, along with 200,000 to 250,000 jobs. It did not estimate how many jobs were preserved by tariffs on foreign goods.

Waiting for the Fed, Stocks Tread Water

Compiled by Our Staff From Dispatches

NEW YORK — Stocks finished mixed Monday as signs of robust economic growth sent bond yields higher, undermining prospects for rising corporate earnings.

Bank stocks fell, while computer stocks gained.

While investors do not expect the Federal Reserve Board to raise interest rates at a two-day policy meeting starting Tuesday, many analysts predicted that lending rates would be pushed higher by year's end.

"It's a question of when the Fed bumps rates, not whether," said Joseph Doyle of 1838 Investment Advisors.

The Dow Jones industrial average finished down 14.93 points, at 7,672.79, but the number of advancing issues outnumbered the number of declining ones by a 5-to-4 ratio.

J.P. Morgan shares fell 2 to 104¾. The investment firm, which is the third most heavily-weighted stock in the Dow industrials, is in talks to buy a minority stake in American Century Investment, the mutual fund company said.

The Standard & Poor's 500-stock index fell 20.10 points, to 885.20. Compaq helped the index pare an early loss. Stock in the computer maker rose 1⅛ to 99⅝ after it unveiled a pair of PCs priced below $1,000.

The Nasdaq composite index, which is heavily weighted with computer shares, rose 3.92, to 1,442.07.

Some traders said they were awaiting the jobs report for June, which the Labor Department will release Thursday. The employment figures will provide further clues as to whether the central bank will

U.S. STOCKS

indeed raise rates this year to cool the economy and keep inflation in check.

Bank shares retreated as the yield on the benchmark 30-year Treasury bond climbed to 6.78 percent from 6.74 percent. But NationsBank rose 3/16 to 65 7/16 after it said it would acquire Montgomery Securities for $1.2 billion.

AT&T shares fell ⅞ to 34 15/16, and SBC Communications stock rose 1¾ to 51 11/16, after reports that merger talks between the two telephone companies had fallen apart amid government opposition. SBC said it would press ahead with plans to offer long-distance service in the seven states where it provides local service.

Insurance companies, which are big buyers of fixed-income securities with the money they take in from premiums, dropped as bonds lagged. *(Bloomberg, AFX)*

Dollar Climbs to a 3-Year High Against the Deutsche Mark

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose to a three-year high Monday against the Deutsche mark amid signs that the planned single European currency may prove weak.

Expectations that France and Germany will not meet certain budget requirements for entry into economic and monetary union are feeding the concern, as is discord in Germany over easing some of the requirements, analysts said.

"Voices out of Europe," said John Bovenizer, head of foreign exchange at Norddeutsche Landesbank, "belabor the weakening of the euro. So the pressure seems to be for Deutsche mark weakening."

The dollar rose as high as 1.7464 DM, its highest since Feb. 14, 1994. In New York, it was at 1.7455 at 4 P.M., up from 1.7388 on Friday.

The dollar pared some of its gains in early New York trading, hurt by a decline in U.S. stocks and bonds, traders said.

The dollar's gains against the yen was limited by Japanese exporters selling dollars for yen to bring end-of-month profits home. The U.S. currency was at 114.655 yen, down from 114.545 yen Friday.

In Europe, countries hoping to qualify for monetary union have to bring their budget deficits to 3 percent of gross domestic product. A rift within Germany's governing coalition on whether to loosen that requirement widened this weekend, reinforcing that concern the euro will be weak.

France forecast that its 1997 deficit-to-GDP ratio would exceed the

FOREIGN EXCHANGE

3 percent limit, and analysts are predicting it will be difficult for Germany to meet that requirement.

Since politicians in both countries have pledged to proceed with monetary union as planned, missing deficit targets could mean a weaker single currency.

The U.S. currency also received a lift from figures Monday that showed the number of unemployed French rose 1.1 percent in May. Traders said rising unemployment raised the chances of a delay to monetary union, or a soft euro from the outset.

The pound, meanwhile, rose to another five-year high against the mark on expectation of an increase in British lending rates.

In late New York trading, the pound rose to 2.9043 DM from 2.8928. Against the dollar, it rose to $1.6657 from $1.6634.

The dollar rose to 5.8802 French francs from 5.8678 and to 1.4615 Swiss francs from 1.4546.

British consumer credit and money supply figures released Monday morning highlighted the strength of consumption and the possibility of inflationary risks, and Lee Ferridge, an analyst at Commerzbank, said they "mean a rise in U.K. interest rates could take place earlier than previously expected."

New consumer credit amounted to £1.10 billion, compared with £806 billion in April, well above analysts' forecasts.

Traders were awaiting the presentation of the Labour government's budget on Wednesday. Analysts said the market would take note primarily of measures concerning households to get clues on the Bank of England's next decisions on monetary policy. *(Bloomberg, AFP, Reuters)*

AMEX

Monday 4 p.m. Close
The top 300 most-active shares, up to the closing on Wall Street.
The Associated Press

Stock	Sales	High	Low	Latest	Chge
AMC	1213	18¾	18½	18⅝	—⅛
ARC	452	4⅞	4¾	4¾	—⅛
ARM Fn n	2738	20¼	19¾	19⅞	—
ASR Inv	211	22	21¾	22	—⅛
AVIC Gp n	347	2⅝	2½	2⅝	+3/16
AckGrp s	229	11⅞	11¾	11¾	—⅛
AdvPhot	135	1⅞	1¾	1¾	—⅛
AirWat	1036	3⅛	2⅞	3	—
AHoagen	732	16¼	15⅞	16⅛	—
Alfin	826	⅞	13/16	⅞	—1/16
Alphaln	124	8⅜	8¼	8⅜	—
AltLivng n	488	22⅞	22⅛	22¾	—⅛
Amdhl	1915	9¾	9⅝	9⅝	—1/16
AExpl	2132	14⅞	14⅛	14⅝	—
AIM 86	113	11⅛	11⅛	11⅛	—
AmList	655	30⅞	30	30⅝	+¼
AmIsrPap	209	11⅞	11½	11½	—⅛
AScE	433	9⅞	9⅝	9⅝	—⅛
Ampex	1376	5⅝	5⅜	5½	—⅛
Anuhco	120	9	9	9	—
AppleOrt n	222	9¾	9⅝	9⅝	—⅛
AstLiving	490	27⅞	27⅛	27¼	—⅛
Astrotc	620	6⅝	6¼	6⅝	+⅛
AtlTele	254	11⅞	10¾	11⅝	+⅝
Audvox	2560	7⅝	7⅜	7½	—
Autotote	619	1⅝	1½	1⅝	+1/16
Azco	702	1⅛	1	1	—
B&HO	430	4⅛	4	4	—
BAT Ind	786	18⅝	18⅛	18⅝	+⅜
Baker	117	6⅞	6⅞	6⅞	+⅛
Balmys s	584	18⅛	17⅝	18	+⅛
BanFd	122	25⅛	24⅞	24⅞	+⅛
BarrLab s	183	43⅞	43⅝	43⅝	+⅛
BayMeo	180	46⅞	44⅞	46⅞	+3⅛
BayCorpH	145	7⅞	7⅝	7⅝	—⅛
BernaGold	1584	6⅛	5⅞	6	—⅛
BioR A	215	26¾	26⅝	26¾	—1/16
BlairCp	280	14⅛	13⅞	14	+⅛
BogenC	182	5	4⅞	4⅞	—⅛
BoltTch n	225	5¾	4⅞	5	—
Bowne	766	34¾	33⅞	34⅜	+1⅛
Brandyw s	192	20⅞	20	20⅝	—⅛
BritDig n	137	7⅝	7⅜	7½	—⅛
CE Fmk g	358	5⅛	5	5	—⅛
CFX Cp	548	19⅞	19⅝	19⅞	+⅛
Cablvsn	1522	55⅛	54⅝	54⅞	—⅞
Cablvs pf	350	27⅝	27⅜	27⅜	—
Calton	1725	15/16	⅞	⅞	—
Cambrx s	329	40	39⅜	39⅝	+⅜
CdnOccl g	7690	22½	22 5/16	22 9/16	—⅛
CanyonRs	379	2⅝	2½	2½	+1/16
Cardiotch	272	1½	1⅜	1½	—1/16
Caremtrix n	422	25	23⅝	24 11/16	+1 5/16
CastlAM	162	22⅝	22	22⅛	+⅛
CelSci	553	3 11/16	3½	3⅝	+1/16
CFCda g	181	4⅝	4 9/16	4⅝	—
CenrSe	146	27 15/16	27⅝	27¾	+⅛
ChadThr	720	10⅛	9⅜	9⅜	—1 1/16
ChaseCp	128	9 11/16	9⅝	9⅝	—⅛
Chief	598	21⅞	21½	21 13/16	+1/16
Citadel	398	3⅞	3⅝	3⅞	—1/16
CogniRm	145	11⅞	11⅛	11⅞	—1/16
ColLb	1144	16½	16 5/16	16⅜	—1/16
Comforce	183	6	5⅞	5⅞	—1/16
Cominc g	239	26⅜	26⅛	26⅛	—1/16
CmclAst	289	6 11/16	6⅝	6 11/16	+1/16
CmdrAp	138	5 11/16	5⅝	5⅝	+1/16
CmpMan	776	14⅝	14	14¼	—⅛
Comptek	348	7⅜	7 5/16	7⅜	—⅛
Continucre	170	5⅞	5⅞	5⅞	+⅛
CoreMatl	303	3¼	3⅛	3¼	—
CornCar n	145	16⅞	16½	16½	—⅛
Courtld	232	6⅜	5⅞	5⅞	—⅛
Cross	112	12½	11⅞	12½	+⅛
CmCP	305	14 15/16	14⅝	14⅞	+⅛
CmCP B	217	15	14⅞	14⅞	—⅛
CruisAm	1480	5⅞	5⅝	5⅝	+⅛
Crystlix gn	3253	5¼	4 15/16	5 1/16	+¼
Cycomm	344	2 11/16	2⅝	2⅝	—⅛
DI Ind	7487	4½	3 15/16	4⅜	+⅜
DakotaM	324	1	15/16	1	—
ecDalG	265	1⅞	1⅞	1⅞	—1/16
Dataram	163	1⅞	1⅞	1⅞	—
DevnE	1312	36⅛	35⅜	36⅛	+⅝
DiagRet	215	10⅝	10¼	10⅝	+¼
DigPwr n	1321	9 15/16	9½	9⅞	+⅛
DomTic	228	12	11⅜	11½	—¼
DryBMu	248	10 15/16	10⅞	10⅞	—
EZ Serv	551	1 1/16	⅞	1 1/16	—
EsmCo	127	15⅛	14⅞	14⅞	—⅜
EchoBay	2807	5⅝	5⅜	5⅜	—⅛
Edisto	1020	9 9/16	9¼	9¼	—
ElPasoE	815	7⅞	6 15/16	7⅛	+⅛
Emeritus	113	14⅝	14⅛	14⅝	+⅜
EmerR	595	1⅛	1	1	—⅛
EnvCor	553	2 9/16	2⅜	2⅜	—⅛
EnzoBi	816	15⅞	15⅝	15⅞	+⅛
Equusure n	524	14⅛	13⅞	14⅛	+1
FarmTel s	282	2⅝	2⅜	2⅜	—1/16
FemHlth	177	3⅞	3⅝	3⅞	+1/16
FinFdl	156	22⅛	20⅞	22	+⅜
FtAust	320	8⅞	8¾	8 13/16	+1/16
FAusPr	3020	9¼	9⅛	9⅛	—1/16
FstFedA n	294	18½	17⅞	17⅞	—⅛
FrstCA s	208	48¼	46 11/16	47 13/16	+⅞
FrstLb	769	42⅛	41⅜	41⅜	—⅛
FortPet	146	2⅞	2⅝	2⅞	+⅛
FmkSel	223	5⅞	5⅝	5⅞	—
FreqEl	497	13½	13⅛	13⅜	+⅛
FrontAdj	324	2 5/16	2 3/16	2 3/16	—⅛
GA Fncl	281	19 11/16	18⅞	18⅞	+1/16
GST Tele	1066	10⅝	10	10⅝	—
GamaB	404	4 9/16	4⅜	4 9/16	+⅛
GeolCn	824	7 9/16	7 5/16	7⅜	+1/16
Gencor s	197	14⅛	13⅞	13⅞	—
GenvDr	134	20	19⅞	19⅞	—⅛
GetchGld	1178	35½	34⅞	35	—1/16
GiantFd	893	34	32⅞	32⅞	—1 1/16
Glatflt	1027	18⅛	17⅛	18⅛	+1 1/16
GoVideo	132	1⅜	1⅜	1⅜	+⅛
GldStarR	790	8⅝	8⅜	8⅜	—⅛
GldFld	127	9/16	9/16	9/16	—
GolfTrst n	119	28	27½	27 13/16	—3/16
GreyAdvL	734	4⅞	4⅞	4⅞	—1/16
Halsey	150	4⅞	4⅝	4⅝	—1/16
HalterM n	281	24⅜	23⅞	24⅜	+1/16
HangGr	244	8⅝	8⅝	8⅝	—
HanvDir	9105	1 5/16	1¼	1⅜	+⅛
Harken	16656	6⅜	5 15/16	6¼	+1/16
Hasbro s	4095	29⅜	28⅞	28⅞	—⅛
HawAir	660	4 13/16	4⅝	4 11/16	+⅛
HlthPro	307	1 1/16	1	1	—1/16
Hearx	3053	1⅝	1½	1½	—1/16
HiShearT	169	5⅞	5¾	5¾	+⅛
HomeVll n	231	18	17 15/16	17⅞	—1/16
Hondo	198	7¼	7	7	—3/16
HoopH	135	23	22⅝	23	—⅛
HovnEn	254	6 9/16	6 7/16	6½	+⅛
HudGn	196	38	38	38	—⅛
HungTel	117	9	8⅞	8⅞	—⅛
IGI	170	4⅜	4 5/16	4⅜	—1/16
Identix	718	11⅝	10⅞	11⅛	+1/16
ImpCMtg	1310	27⅞	26⅞	27 11/16	+⅜
ImpOil g	171	51⅞	51⅝	51⅞	+1/16
IntegTc n	255	1⅞	1 13/16	1⅞	+⅛
IntegTc wt	130	½	½	½	+1/32
InCiPd	887	5 9/16	5 7/16	5½	—
InterDig	668	5 3/16	5 1/16	5 3/16	+⅛
Intrmagn	989	11 1/16	10 13/16	10 13/16	—½
IntAirlS n	130	6½	6½	6½	—
IntPoly	153	21	20⅞	21	+⅞
IvaxCp	9507	11¾	11¼	11 9/16	+7/16
JTS Corp	14039	9/16	½	½	—1/16
JanBell	155	2⅝	2⅜	2½	+⅛
KFX Inc	195	3⅝	3½	3⅝	—⅛
KatzM	349	6⅞	6½	6⅞	—
Keane s	2921	52⅜	50	52¼	—1 5/16
KeyEng	878	17⅞	17 9/16	17 9/16	—1/16
KogrEq	122	18 1/16	17⅞	18 1/16	+3/16
LXRBiot	476	2⅝	2⅜	2⅝	+1/16
LaBarg	309	6⅛	5⅞	6	—
MAI Sys	113	4⅛	3⅞	3 15/16	—1/16
MagnHunt	656	6¼	6 1/16	6⅛	+1/16
MalbuEnt	631	5⅝	5⅜	5⅜	+1/16
MaxmP wt	375	2½	2½	2½	—1/16
MeasSpcl	152	4	3⅞	3⅞	+⅛
MedcR	192	9 11/16	9⅝	9⅝	—
Media	846	38⅛	34⅝	37⅝	+2½
MedicLog	269	2	1 15/16	1 15/16	—1/16
Mediq	214	8 13/16	8⅝	8⅝	—
Meditox	266	7/16	⅜	7/16	—
Meteor n	127	7	6⅝	6⅝	—⅛
Metrika a	841	15 9/16	15½	15 9/16	+1/16
Metromda	1785	12⅞	12¼	12 11/16	—1/16
MidABc	167	25⅞	25	25 1/16	—1/16
MidatRty	198	11⅜	11⅛	11⅛	+1/16
MidcstE n	993	16¼	16⅛	16 3/16	—
Millennia	131	3	2⅞	3	+⅛
MoogA	322	31⅞	30⅞	31¼	+⅛
MSNik 97wt	307	6⅛	5⅞	6	—⅛
Munlin	168	9¼	8⅞	9⅛	—
MuniMtg n	221	17	16⅞	16⅞	—
Munvst	683	9⅛	9⅛	9⅛	+⅛
Myersind	144	17 1/16	16 13/16	16 15/16	—1/16
NTNCom	1921	4⅞	4⅛	4⅝	+1/16
NVR	113	15¾	15	15 9/16	+1/16
Nabors	7546	25⅛	24⅝	24⅝	+⅜
NatBev s	167	10⅛	10⅛	10⅛	—⅛
NtPatnt	222	7⅞	7⅝	7⅝	—⅛
NY Times	3855	52⅜	50⅝	50⅝	—1⅛
Nextel80 n	477	18½	18 5/16	18⅜	+1/16
Norex s	160	16	15	16	—⅛
NA Vacc	739	19 11/16	18 15/16	19 5/16	+⅛
Novavx	161	4 1/16	3 15/16	4⅛	+⅛
OSullvnC	135	8½	8⅜	8⅜	—⅛
OmniMult	227	9/16	½	½	—1/16
Oncor	396	4	3⅞	3 15/16	—1/16
Organgn s	697	19⅝	18⅞	19½	+9/16
Oshmn	159	6	5 15/16	5 15/16	+⅛
PC Quote	246	2½	2⅜	2⅜	—1/16
PGECap pf	132	24⅞	24¾	24⅞	—⅛
PLC Sys	3084	22⅝	20⅝	22	+⅜
PMC CT	143	18⅛	17⅞	18⅛	+⅛
PanAmC n	133	7 13/16	7⅝	7⅝	—1/16
ParkNatl	110	79 5/16	77	78⅞	+1⅞
PaxsnC	1036	12⅞	12 9/16	12⅝	—⅛
PegGld	452	6⅝	6 9/16	6⅝	—
PenRE	232	22 11/16	22¼	22 9/16	—1/16
PeopleTel	247	3½	3⅜	3⅜	—
PhxNet	4109	3 9/16	3⅛	3 9/16	+¼
Phonetel	214	3	2 15/16	3	+⅛
PinRsc	398	15 1/16	14⅝	15 1/16	+5/16
Polymed	236	8⅜	8⅛	8⅜	+⅛
Polyph	882	1⅝	1½	1½	—1/16
PortSys s	111	2⅝	2 9/16	2⅝	+1/16
ProdLg	986	22¼	21⅝	21⅞	—⅜
PrcCm	542	8½	8 1/16	8⅜	+1/16
Pricell s	485	9⅞	8⅞	9⅞	+11/16
PropCT s	254	6½	6⅜	6⅜	—⅛
PsycCp	404	7⅝	7⅜	7½	—⅛
RF Pow	618	4⅜	3⅞	4⅜	+¼
Ragan	360	23⅞	20⅞	23⅝	+3⅛
ResGold	692	⅜	5/16	⅜	—
Retac	414	11⅛	10 11/16	10⅞	—⅛
RegalBel	282	26½	26	26½	+⅛
Riser	449	45	42⅝	45	+2⅜
RobertsPh	1194	11¼	10⅞	11 1/16	—1/16
RoyalO g	2251	2⅞	2¾	2⅞	+⅛
SC Bce	301	13⅞	13¼	13⅞	+⅛
SaboPet s	225	14⅝	13⅞	14	—⅛
SagaCm s	156	18⅝	18⅜	18½	—⅛
Scheib	208	6⅞	6 9/16	6 9/16	—1/16
Selfcare n	335	12½	11⅞	12 5/16	+3/16
SentryT n	194	4	3 13/16	3⅞	+⅛
ShellCm s	531	11⅞	11⅝	11⅞	—
SilverFds	472	1¼	1 3/16	1¼	—1/16
SmtBin	261	10⅝	10	10⅝	+3/16
SmtBmM	227	14⅝	14⅜	14⅜	—⅛
Softnet	145	5 9/16	5 7/16	5 7/16	—⅛
ecSolgen	585	7/16	⅜	⅜	—
SPDR	21650	89 15/32	87⅝	88 15/32	—½
SP Mid	626	56 15/32	55 15/16	55 27/32	—3/32
StarrtCp	116	11⅝	11⅛	11⅝	+⅜
Stephan	120	10⅝	10⅜	10⅝	+⅛
StartHous	258	16⅝	16	16⅝	+⅛
StlwtrM	316	21½	20⅞	21½	+½
StoneSt8	181	21 13/16	21⅝	21 11/16	+⅜
SubstAbus	1192	1⅝	1½	1 9/16	+1/16
Sulcus	133	1⅞	1 11/16	1 11/16	—1/16
SuretyC	178	5⅜	5	5⅜	—
TabPrd	234	10	9⅝	9⅞	—⅛
TelnR	281	19	18⅝	18⅝	+½
TelDta	897	38⅜	37⅞	38	—⅛
Tenera	380	⅜	5/16	5/16	—
TexBiotch	484	4 13/16	4 11/16	4⅝	—
TexBi wt	110	1	1	1	—⅛
Thermed	909	15⅝	15⅛	15 11/16	+1 1/16
ThCardio	1489	26⅜	26	26	—⅛
ThmFib	254	10⅝	10⅜	10⅜	+⅛
Thrinst	287	30⅜	30⅛	30⅜	+⅛
ThrOptk	136	12⅛	11⅞	11⅞	—⅛
ThrmTer	126	11⅜	10 15/16	11⅜	+3/16
ThrVolt s	149	7⅛	7	7	—⅛
Thrmolse	588	14⅛	13	14	+1
Thrmqst	133	15½	15¼	15½	—
Thrmotx	195	25	24⅝	24 13/16	—⅛
TopSrce	1464	1 13/16	1⅝	1⅝	—⅛
TotlPet	516	9⅞	9 13/16	9⅞	+⅛
TWA	5974	8½	7⅞	8½	+⅜
Transmont	610	20⅜	19⅝	19⅞	—½
TriteTech	149	5⅛	4⅞	5⅛	+⅛
TubMex	2767	18⅝	18⅜	18⅝	—⅛
UTI Eng	177	46	45	45⅞	+1
Unilab	1504	1⅞	1 13/16	1⅞	+1/16
Unimar	145	5	4⅞	5	+1/16
UniqMbl	819	6⅝	6½	6⅝	+⅛
USBiosci	937	9⅝	9¼	9⅝	—
US Cell	882	29⅝	29⅜	29⅝	—
UnityBc n	373	13⅜	13⅛	13⅛	—⅛
VKAdM2	111	12⅛	12	12⅛	—⅛
Viacbm	1132	29 11/16	29¼	29 11/16	+5/16
ViacB	7723	30⅛	29 15/16	29 15/16	+⅜
Viac wtC	1000				
VistaG g	561	9/16	½	9/16	+1/16
Vitronic	310	1 1/16	1 1/16	1 1/16	+1/16
WRIT	863	17⅝	17½	17⅝	+⅛
WelGrd	154	4⅛	3 15/16	4⅛	—
Wellsfrd n	521	11	10⅞	11	+⅛
WIRET	764	14	13⅞	13 15/16	+⅛
WhitmE	199	4⅜	3⅞	4⅜	+⅛
WirelessT	1357	11⅜	10 15/16	11⅛	+3/16
WEBGer	384	16 11/16	16⅝	16 11/16	—1/16
WEB HK	772	17	16⅝	17	+1/16
WEB Ita	1672	16⅛	16 1/16	16 1/16	—1/16
WEB Jpn	4768	14⅜	14¼	14¼	—1/16
WEB Mal	894	13	12⅞	12⅞	—⅛
WEB Sing	320	11⅛	11	11	—⅛
WEB Spn	266	21⅝	21⅜	21⅜	—1/16
XCL Ltd	1734	5/32	⅛	⅛	—
Xyron	204	1⅞	1⅜	1 11/16	—1/16

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7713.50	7727.30	7612.18	7678.67	-9.05
Trans	2734.95	2734.78	2707.90	2713.11	-19.32
Util	225.90	228.03	224.65	226.79	+1.19
Comp	2371.40	2376.63	2345.07	2361.20	-4.53

Standard & Poors

	High	Low	Previous Close	Today 4:00
Industrials	—	—	1043.55	1042.79
Transp.	—	—	634.30	631.74
Utilities	—	—	197.36	198.30
Finance	—	—	101.48	100.41
SP 500	—	—	887.30	885.46
SP 100	—	—	863.98	861.84

NYSE

	High	Low	Last	Chg.
Composite	465.98	460.03	462.85	-0.45
Industrials	590.76	582.74	587.64	+0.09
Transp.	416.52	411.82	414.69	-1.25
Utility	285.24	280.55	284.54	+2.41
Finance	426.06	421.08	421.08	-4.13

Nasdaq

	High	Low	Last	Chg.
Composite	1448.57	1432.34	1442.06	+3.91
Industrials	1183.70	1168.33	1182.68	+11.52
Banks	1623.89	1613.43	1615.04	-3.86
Insurance	1650.82	1640.04	1647.25	+1.01
Finance	1916.91	1897.91	1909.32	+8.76
Transp.	970.09	954.52	969.32	+12.73

AMEX

High	Low	Last	Chg.
623.04	619.35	622.61	+2.54

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	103.20	103.10
10 Utilities	100.24	100.36
10 Industrials	105.80	105.84

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
ChesEng s	70516	10	9⅝	9⅝	-⅛
PhilMor s	55944	44⅞	42¾	44⅝	+1½
PepsiCo	43565	38⅛	37⅛	37⅜	-⅛
AT&T s	41200	36⅛	34⅞	35	-⅞
GenElec s	38751	66⅛	64 9/16	65⅜	-⅛
WalMart	37453	33⅞	32⅞	33⅞	+1⅛
FedrDS	34731	36⅛	34⅞	35⅛	-⅛
MicrnT	34480	40½	39⅞	39⅞	-⅛
Motorola	33439	76⅞	74⅞	76	-⅛
Tandem	32827	20⅛	19⅞	20⅛	+½
BancOne	32049	50	48⅜	48⅞	-1⅛
Seagate s	31523	35⅞	34⅞	35⅜	+1⅛
Exxon s	30404	61½	59⅞	61⅛	+⅞
Compaq	29188	101⅞	98⅝	99⅝	+⅛
IBM s	29117	92½	90½	90⅞	-⅞

Nasdaq

	Vol.	High	Low	Last	Chg.
Intel	87790	145⅞	140¾	141⅝	-½
Cisco	73842	68⅛	65	67⅛	+⅜
3Com	66956	45⅞	44½	44⅞	-⅞
BostChk	53924	14	13	14	+⅛
Amgen	47893	58⅜	56⅞	58⅜	-1⅛
Ascend	44466	40⅛	39⅛	39⅜	-⅞
PairgTch	44110	16⅛	15⅝	15½	-⅞
Micrsft s	42518	128⅜	126⅛	126½	-1
MCI	41317	39⅛	38⅛	38⅛	-⅞
SyQstTc	38202	2⅞	2⅛	2⅞	-⅞
DellCpt s	36920	118⅜	116⅛	117⅞	+1⅞
SunMic s	36378	37⅞	36⅞	37⅛	+½
WorldCm	33239	32⅛	31⅛	32	+½
ApldMat	32417	73½	70⅜	71⅛	-1⅜
Oracle	31800	50⅜	49⅜	50⅛	-⅜

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	21650	89 15/32	87⅝	88 15/32	-½
Harken	16456	6⅜	5⅞	6¼	+1/16
JTS Corp	16039	9/16	½	½	-1/16
IvaxCp	9507	11⅞	11¼	11 9/16	+7/16
HanvDir	9165	1 5/16	1¼	1⅜	+⅛
ViacB	7723	30⅛	29 15/16	29 15/16	+⅜
CdnOccl g	7690	22½	22 5/16	22 9/16	-⅛
Nabors	7546	25⅛	24⅝	24⅝	+⅜
DI Ind	7487	4½	3 15/16	4⅜	+⅜
TWA	5974	8½	7⅞	8½	+⅜

Trading Activity

NYSE

	Close	Prev.
Advanced	1535	1822
Declined	1313	972
Unchanged	546	577
Total issues	3394	3371
New Highs	318	226
New Lows	14	6

Nasdaq

	Noon	Prev.
Advanced	1552	2234
Declined	1732	1749
Unchanged	2219	1755
Total issues	5503	5738
New Highs	148	245
New Lows	70	82

AMEX

	Close	Prev.
Advanced	309	342
Declined	273	244
Unchanged	179	158
Total issues	761	744
New Highs	54	52
New Lows	9	11

Market Sales

	Today 4:00	Prev. cons.
NYSE	473.24	557.28
Amex	23.89	28.13
Nasdaq	541.38	548.48

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Corp Bancar Es	b	.2618	7-3	7-14
REVERSE STOCK SPLIT				
Bureau of Elec Publ 1 for 6 reverse split.				
Equimed Inc 1 for 6 reverse split.				
INCREASED				
Natl City Corp	Q	.425	7-11	8-1
INITIAL				
Alexandria RlEst	-	.1275	7-7	7-18
Cdn Apartment g	-	.0787	7-7	7-15
REGULAR				
Ameron Intl	Q	.32	7-24	8-19
Commonsense	M	.055	7-15	7-31
Community Svgs	Q	.225	7-15	8-1
DWitter Discover	Q	.14	7-14	7-30
Elcor Corp	Q	.07	7-17	8-13
Food Lion A	Q	.0337	7-14	7-28
Food Lion B	Q	.0332	7-14	7-28
Hancock Pat Sel	M	.1031	7-7	7-31
Hudson Charter	Q	.18	7-7	7-15
NYNEX Corp	Q	.59	7-10	8-1
Penwest Ltd	Q	.05	8-16	9-5
Realfund g	M	.09	7-8	7-15
Scotland Bncp	Q	.075	7-11	7-25
Starwood Lodging	Q	.39	7-10	7-24
VK CA InsTxFr A	M	.071	7-31	7-31
VK Corp Bd A	M	.0405	7-31	7-31
VK Corp Bd B	M	.0361	7-31	7-31
VK Corp Bd C	M	.0361	7-31	7-31
VK GlbGvSec A	M	.044	7-31	7-31
VK GlbGvSec B	M	.039	7-31	7-31
VK GlbGv Sec C	M	.039	7-31	7-31
VK Gv Sec A	M	.055	7-31	7-31
VK Gv Sec B	M	.049	7-31	7-31
VK HI Inco Bd A	M	.05	7-31	7-31
VK HI Inco Bd B	M	.046	7-31	7-31
VK HI Yld A	M	.0725	7-31	7-31
VK HI Yld B	M	.0665	7-31	7-31
VK HiYld Mun A	M	.06	7-31	7-31
VK HiYld Mun B	M	.053	7-31	7-31
VK HiYld Mun C	M	.053	7-31	7-31
VK InsTxFr A	M	.0815	7-31	7-31
VK InsTxFr B	M	.0695	7-31	7-31
VK LtdMatGv A	M	.055	7-31	7-31
VK LtdMatGv B	M	.047	7-31	7-31
VK Mun Inco A	M	.0705	7-31	7-31
VK Mun Inco B	M	.061	7-31	7-31
VK PATxFr A	M	.076	7-31	7-31
VK PA TxFr B	M	.065	7-31	7-31
VK Strat Inco B	M	.0745	7-31	7-31
VK TxFr HiInco A	M	.076	7-31	7-31
VK TxFrHI Inco B	M	.0667	7-31	7-31

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

June 30, 1997

	High	Low	Latest	Chge	OpInt
Grains					
CORN (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	248½	240	248	-1¾	42,607
Sep 97	239	232¼	238	-1¾	57,662
Dec 97	239	233¼	238½	-2¼	141,397
Mar 98	246¼	242	246	-2½	23,282
May 98	253	247½	251¼	-1½	2,520
Jul 98	256	250½	256	-2	6,570
Sep 98	252½	248½	250	-1½	228
Est. sales N.A. Fri's. sales 95,997					
Fri's open int 278,147 up 2399					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Jul 97	262.50	251.00	258.00	-4.20	16,495
Aug 97	241.00	233.50	235.20	-5.70	22,473
Sep 97	223.00	216.10	216.40	-9.70	14,316
Oct 97	209.00	205.90	205.90	-10.00	12,954
Dec 97	210.00	200.60	200.60	-10.00	28,761
Jan 98	202.00	197.80	197.80	-10.00	3,242
Est. sales N.A. Fri's. sales 33,634					
Fri's open int 104,313 off 5030					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
Jul 97	22.20	21.45	21.79	-0.41	10,848
Aug 97	22.39	21.43	21.95	-0.44	26,008
Sep 97	22.35	21.75	22.02	-0.54	13,063
Oct 97	22.40	21.83	22.13	-0.46	13,919
Dec 97	22.75	21.86	22.20	-0.59	37,210
Jan 98	22.70	22.00	22.21	-0.70	3,729
Est. sales N.A. Fri's. sales 32,908					
Fri's open int 108,723 off 1678					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	797	758	771	-16	17,501
Aug 97	739½	711	718¼	-21½	32,720
Sep 97	655	644	644	-30	10,675
Nov 97	625	617½	617½	-30	60,743
Jan 98	628	621¼	621¼	-30	10,188
Est. sales N.A. Fri's. sales 52,443					
Fri's open int 138,026 off 5241					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
Jul 97	327	319½	323¾	-2	9,410
Sep 97	336½	329	332¼	-3¾	38,664
Dec 97	349¾	343	345¼	-3¾	29,654
Mar 98	354	350	352½	-4	4,551
Est. sales N.A. Fri's. sales 40,638					
Fri's open int 85,061 up 476					
Livestock					
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Aug 97	65.00	64.15	64.45		43,160
Oct 97	68.42	67.65	67.87	+0.15	24,896
Dec 97	71.25	70.22	70.85	+0.67	13,580
Feb 98	72.60	71.48	72.02	+0.52	6,847
Apr 98	74.50	73.45	74.02	+0.52	3,037
Jun 98	70.95	69.65	70.10	+0.65	1,593
Est. sales 15,854 Fri's. sales 9,073					
Fri's open int 93,132 up 313					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Aug 97	81.80	80.37	80.87	+0.47	11,016
Sep 97	81.45	79.85	80.45	+0.50	2,804
Oct 97	81.60	80.05	80.55	+0.35	3,846
Nov 97	82.75	81.30	81.97	+0.72	2,746
Jan 98	83.25	81.75	82.65	+0.90	1,108
Mar 98	83.20	81.87	82.57	+0.87	453
Est. sales 4,175 Fri's. sales 4,983					
Fri's open int 22,198 up 1073					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Jul 97	84.82	84.20	84.67	+1.85	7,103
Aug 97	81.95	81.95	81.95	+2.00	11,665
Oct 97	73.50	73.50	73.50	+2.00	7,886
Dec 97	69.57	69.57	69.57	+2.00	4,866
Feb 98	68.37	68.37	68.37	+2.00	2,071
Est. sales 4,313 Fri's. sales 5,694					
Fri's open int 33,826 up 290					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Jul 97	85.22	85.22	85.22	+3.00	2,474
Aug 97	85.07	85.07	85.07	+3.00	3,081
Feb 98	72.55	72.55	72.55	+3.00	555
Est. sales 349 Fri's. sales 2,002					
Fri's open int 6,135 off 238					
Food					
COCOA (NCSE) 10 metric tons- $ per ton					
Jul 97	1690	1632	1684	+36	174
Sep 97	1720	1665	1713	+33	38,922
Dec 97	1760	1712	1756	+30	21,876
Mar 98	1795	1743	1785	+30	22,125
May 98	1802	1770	1801	+30	9,636
Jul 98			1818	+30	961
Est. sales 6,740 Fri's. sales 3,889					
Fri's open int 105,801 up 404					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Jul 97	194.00	189.00	192.40	+2.50	758
Sep 97	175.00	166.50	172.40	-3.10	11,247
Dec 97	153.50	147.50	150.90	+1.90	5,025
Mar 98	141.00	139.00	140.85	+2.85	2,338
May 98	136.50	134.00	136.50	+3.50	973
Est. sales 3,399 Fri's. sales 4,966					
Fri's open int 20,795 off 18					
SUGAR-WORLD 11 (NCSE) 112,000 lbs - cents per lb.					
Jul 97	11.14	10.88	11.00	+0.08	3,658
Oct 97	11.21	11.09	11.19	+0.05	92,790
Mar 98	11.25	11.12	11.23	+0.05	39,753
May 98	11.16	11.05	11.16	+0.05	8,721
Est. sales 15,714 Fri's. sales 36,431					
Fri's open int 152,216 off 10011					
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Jul 97	73.40	71.75	72.55	-0.20	4,823
Sep 97	76.30	75.50	76.40	-0.90	17,270
Nov 97	80.00	78.50	79.00	-0.50	5,823
Jan 98	83.00	81.30	82.30	-1.03	2,372
Est. sales N.A. Fri's. sales 3,968					
Fri's open int 32,459 up 230					
Metals					
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Jul 97			334.20	-0.60	3
Aug 97	336.70	334.60	335.30	-0.60	106,514
Sep 97			336.50		
Oct 97	338.70	337.23	337.70	-0.70	8,340
Dec 97	341.10	339.30	340.00	-0.80	29,739
Feb 98			342.40	-0.90	9,084
Apr 98			344.70	-0.90	4,700
Jun 98	348.00	346.70	347.20	-0.90	8,190
Aug 98			349.80	-0.90	746
Est. sales N.A. Fri's. sales 52,544					
Fri's open int 199,469 up 10651					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Jul 97	113.90	112.20	113.65	+0.65	8,226
Aug 97	112.70	111.80	112.65	+0.10	2,840
Sep 97	112.70	110.60	112.15	+0.30	22,183
Oct 97	110.40	110.25	110.35	+0.30	1,265
Nov 97	109.35	109.00	109.35	+0.35	1,205
Dec 97	108.70	107.50	108.55	+0.40	6,778
Jan 98	106.65	106.20	106.65	+0.40	649
Feb 98	105.65	105.15	105.65	+0.40	540
Mar 98	104.95	104.20	104.95	+0.40	1,983
Est. sales N.A. Fri's. sales 11,390					
Fri's open int 49,179 up 83					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Jul 97	469.50	458.00	460.00	-7.60	9,428
Sep 97	474.50	463.00	464.80	-7.70	47,459
Dec 97	482.00	470.00	471.70	-7.80	13,440
Jan 98			473.60	-7.80	18
Mar 98	488.50	478.00	478.60	-7.80	8,953
May 98	485.00	482.80	482.80	-7.80	2,836
Jul 98	500.00	487.00	487.00	-7.80	1,986
Sep 98	494.00	491.30	491.30	-7.80	685
Est. sales N.A. Fri's. sales 30,783					
Fri's open int 88,671 off 1284					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jul 97	419.40	410.00	415.80	+3.30	2,940
Oct 97	416.50	406.50	412.80	+6.30	11,052
Jan 98	410.00	406.00	407.80	+6.30	1,722
Est. sales N.A. Fri's. sales 4,356					
Fri's open int 15,844 off 290					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1568½	1569½	1545.00	1546.00
Forward	1590.00	1591.00	1567.00	1568.00
Copper Cathodes (High Grade)				
Spot	2564.00	2569.00	2559.00	2564.00
Forward	2421.00	2422.00	2409.00	2410.00
Lead				
Spot	614½	615½	612.00	613.00
Forward	627.00	628.00	626.00	627.00
Nickel				
Spot	6750.00	6760.00	6840.00	6850.00
Forward	6860.00	6865.00	6950.00	6955.00
Tin				
Spot	5520.00	5530.00	5500.00	5510.00
Forward	5570.00	5580.00	5550.00	5560.00
Zinc (Special High Grade)				
Spot	1414.00	1415.00	1407.00	1408.00
Forward	1419½	1420½	1416.00	1417.00

	High	Low	Close	Chge	OpInt
Financial					
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Sep 97	94.83	94.79	94.79	-0.02	7,392
Dec 97	94.60	94.60	94.60	-0.05	437
Mar 98			94.53		4
Est. sales N.A. Fri's. sales 149					
Fri's open int 7,833 off 3					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Sep 97	106-11	105-48	105-57	-16	213,017
Dec 97	105-55	105-39	105-39	-16	1,486
Mar 98			-01		
Est. sales N.A. Fri's. sales 34,503					
Fri's open int 214,503 off 11252					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 97	108-08	107-21	107-28	-11	327,597
Dec 97	107-17	107-16	107-17	-11	4,291
Mar 98	107-13	107-05	107-05	-11	9
Est. sales N.A. Fri's. sales 54,403					
Fri's open int 331,888 off 3931					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Sep 97	111-21	110-23	111-02	-18	420,440
Dec 97	111-06	110-12	110-21	-18	25,582
Mar 98			110-12	-18	2,225
Jun 98			110-01	-18	801
Est. sales N.A. Fri's. sales 225,621					
Fri's open int 449,908 off 7867					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Jul 97	94.32	94.30	94.31		20,627
Aug 97	94.28	94.26	94.26	-0.01	17,192
Sep 97	94.25	94.22	94.22	-0.02	4,976
Est. sales N.A. Fri's. sales 6,901					
Fri's open int 45,870 up 2349					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Sep 97	114-18	113-26	113-30	-0-17	167,807
Dec 97	N.T.	N.T.	113-16	-0-17	167,807
Est. sales: 52,824. Prev. sales: 78,829					
Prev. open int.: 167,807 up 8,691					

	High	Low	Latest	Chge	OpInt
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Sep 97	129.58	129.14	129.22	-0.16	204,981
Dec 97	98.10	97.88	97.82	-0.16	2,514
Mar 98	97.46	97.46	97.22	-0.16	0
Est. sales: 91,975.					
Open int.: 207,495 up 1,951.					
GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct					
Sep 97	101.99	101.43	101.49	-0.34	254,445
Dec 97	101.00	100.56	100.58	-0.32	9,056
Est. sales: 130,534. Prev. sales: 123,888					
Prev. open int.: 263,500 up 861					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Sep 97	134.70	123.95	134.00	-0.08	98,548
Dec 97	N.T.	N.T.	106.45	-0.08	
Est. sales: 42,881. Prev. sales: 63,326					
Prev. open int.: 98,818 up 3,295					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Jul 97	94.21	94.19	94.20	-0.01	36,323
Aug 97	94.18	94.15	94.16	-0.01	11,154
Sep 97	94.15	94.11	94.12	-0.02	577,352
Dec 97	93.95	93.89	93.90	-0.05	434,562
Mar 98	93.86	93.78	93.80	-0.05	296,418
Jun 98	93.74	93.65	93.68	-0.06	241,963
Sep 98	93.64	93.55	93.57	-0.06	203,951
Dec 98	93.51	93.43	93.46	-0.05	142,260
Mar 99	93.49	93.41	93.44	-0.05	107,852
Jun 99	93.45	93.37	93.40	-0.05	84,518
Sep 99	93.40	93.32	93.35	-0.05	73,562
Dec 99	93.32	93.24	93.27	-0.05	67,408
Mar 00	93.33	93.24	93.27	-0.05	61,049
Jun 00	93.28	93.20	93.23	-0.05	46,866
Est. sales N.A. Fri's. sales 313,333					
Fri's open int 2,630,513 up 7507					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Sep 97	1.6636	1.6578	1.6606		53,963
Dec 97	1.6576	1.6540	1.6560		581
Mar 98			1.6514		2
Est. sales N.A. Fri's. sales 7,253					
Fri's open int 54,546 up 594					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Sep 97	.7307	.7272	.7276		41,062
Dec 97	.7340	.7308	.7313		2,606
Mar 98			.7344		540
Est. sales N.A. Fri's. sales 5,580					
Fri's open int 44,439 up 302					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Sep 97	.5792	.5756	.5765		71,709
Dec 97	.5820	.5804	.5804		960
Mar 98	.5850	.5843	.5843		127
Est. sales N.A. Fri's. sales 33,711					
Fri's open int 72,796 up 13411					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Sep 97	.8960	.8822	.8826		56,460
Dec 97	.8960	.8942	.8942		1,100
Mar 98			.9059		107
Est. sales N.A. Fri's. sales 19,515					
Fri's open int 57,867 up 637					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Sep 97	.6950	.6903	.6908		38,801
Dec 97	.7007	.6980	.6983		860
Mar 98			.7060		70
Est. sales N.A. Fri's. sales 27,734					
Fri's open int 39,731 up 6848					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Sep 97	.12205	.12145	.12200		19,769
Dec 97	.11780	.11725	.11780		10,340
Mar 98	.11390	.11325	.11390		3,566
Est. sales N.A. Fri's. sales 3,780					
Fri's open int 34,904 up 298					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Sep 97	92.95	92.88	92.88	-0.06	131,720
Dec 97	92.79	92.72	92.72	-0.06	112,070
Mar 98	92.72	92.63	92.64	-0.06	85,471
Jun 98	92.70	92.61	92.62	-0.06	50,440
Sep 98	92.69	92.61	92.62	-0.06	35,199
Dec 98	92.69	92.62	92.63	-0.05	29,531
Mar 99	92.70	92.63	92.63	-0.06	22,101
Jun 99	92.70	92.64	92.64	-0.06	12,092
Est. sales: 73,168. Prev. sales: 64,802					
Prev. open int.: 505,477 up 5,493					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Jul 97	96.86	96.86	96.85	-0.01	2,707
Aug 97	N.T.	N.T.	96.84	-0.01	391
Sep 97	96.85	96.82	96.82	-0.02	280,477
Dec 97	96.77	96.71	96.72	-0.03	284,709
Mar 98	96.67	96.62	96.62	-0.04	237,199
Jun 98	96.52	96.46	96.47	-0.04	173,514
Sep 98	96.32	96.25	96.26	-0.04	151,367
Dec 98	96.05	95.98	95.99	-0.04	97,971
Mar 99	95.80	95.73	95.74	-0.04	83,537
Est sales: 98,265. Prev. sales: 74,863					
Prev open int.: 1,466,635 up 3,565					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Sep 97	96.61	96.54	96.55	-0.04	77,982
Dec 97	96.58	96.50	96.51	-0.05	33,792
Mar 98	96.51	96.45	96.45	-0.05	31,315
Jun 98	96.42	96.35	96.35	-0.05	27,585
Sep 98	96.27	96.22	96.22	-0.04	31,772
Dec 98	96.05	96.01	96.02	-0.03	16,737
Mar 99	95.83	95.78	95.79	-0.03	13,605
Est. sales: 47,591.					
Open int.: 255,009 up 296.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Sep 97	93.55	93.47	93.48	+0.04	117,486
Dec 97	93.96	93.85	93.86	Unch.	79,987
Mar 98	94.24	94.13	94.13	-0.01	48,464
Jun 98	94.36	94.28	94.29	Unch.	33,428
Sep 98	94.46	94.36	94.36	Unch.	25,502
Dec 98	94.46	94.41	94.40	Unch.	11,767
Est. sales: 60,179. Prev. sales: 67,079					
Prev. open int.: 331,842 up 3,541					
Industrials					
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Jul 97	73.80	73.55	73.70	-0.05	555
Oct 97	76.60	76.00	76.42	-0.14	11,601
Dec 97	77.39	76.75	77.12	-0.28	40,298
Mar 98	78.50	77.95	78.35	-0.18	6,579
May 98	78.90	78.59	78.80	-0.10	1,433
Est. sales N.A. Fri's. sales 11,883					
Fri's open int 66,139 up 1523					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Jul 97	54.00	53.30	53.70	+0.37	9,740
Aug 97	54.20	53.00	53.85	+0.38	40,884
Sep 97	54.70	54.50	54.40	+0.33	19,466
Oct 97	55.60	54.95	55.30	+0.38	16,536
Nov 97	56.40	55.85	56.00	+0.23	12,770
Dec 97	57.20	56.60	56.75	+0.18	15,229
Jan 98	57.60	57.10	57.20	+0.18	12,965
Feb 98	57.45	57.10	57.25	+0.18	6,567
Mar 98	56.90	56.40	56.40	+0.18	4,152
Est. sales N.A. Fri's. sales 41,539					
Fri's open int 149,318 off 4545					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Aug 97	19.90	19.40	19.77	+0.31	95,421
Sep 97	19.92	19.60	19.82	+0.26	51,572
Oct 97	19.95	19.70	19.90	+0.26	29,834
Nov 97	19.96	19.75	19.93	+0.22	19,073
Dec 97	20.00	19.79	19.95	+0.20	40,307
Jan 98	19.99	19.85	19.95	+0.16	18,298
Est. sales N.A. Fri's. sales 76,649					
Fri's open int 397,045 up 4096					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Aug 97	2.150	2.125	2.139		38,112
Sep 97	2.148	2.135	2.136		21,353
Oct 97	2.160	2.140	2.156		22,782
Nov 97	2.281	2.270	2.281		10,414
Dec 97	2.415	2.405	2.411		14,258
Jan 98	2.455	2.440	2.451		14,077
Est. sales N.A. Fri's. sales 26,686					
Fri's open int 193,810 up 203					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Jul 97	58.70	57.80	58.12	+0.21	8,830
Aug 97	58.25	57.50	58.12	+0.53	36,632
Sep 97	57.50	56.85	57.50	+0.56	10,744
Oct 97	56.45	55.90	56.45	+0.58	7,035
Nov 97	55.91	55.60	55.91	+0.57	2,413
Dec 97	55.55	55.10	55.55	+0.55	5,574
Jan 98	55.70	55.20	55.70	+0.60	3,707
Feb 98			56.10	+0.60	1,117
Est. sales N.A. Fri's. sales 33,956					
Fri's open int 79,286 off 1269					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Jul 97	166.00	165.00	165.25	+1.50	12,793
Aug 97	167.50	166.25	166.50	+1.25	15,977
Sep 97	168.50	167.75	167.75	+1.25	6,028
Oct 97	170.25	169.50	169.50	+1.00	7,126
Nov 97	172.00	171.75	171.25	+1.00	4,510
Dec 97	173.50	172.75	172.50	+1.00	9,673
Jan 98	173.25	173.75	173.75	+1.00	4,117
Feb 98	173.50	173.50	173.25	+1.00	2,150
Est. sales: 9,432. Prev. sales: 18,443					
Prev. open int.: 72,318 off 601					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Aug 97	18.57	18.27	18.51	+0.33	71,830
Sep 97	18.63	18.40	18.60	+0.34	42,130
Oct 97	18.72	18.54	18.71	+0.32	14,111
Nov97	18.77	18.66	18.77	+0.27	10,242
Dec97	18.80	18.70	18.83	+0.25	15,654
Jan98	18.79	18.74	18.83	+0.25	7,846
Feb98	18.72	18.70	18.81	+0.26	4,444
Est. sales: 38,100. Prev. sales: 41,452					
Prev. open int.:175,333 off 1,018					
Stock Indexes					
S&P COMP. INDEX (CMER) 500 x index					
Sep 97	901.80	886.00	892.75	-4.15	173,535
Dec 97	907.00	896.00	906.00	-0.60	4,857
Mar 98			916.50		1,761
Est. sales N.A. Fri's. sales 52,702					
Fri's open int 180,220 up 1290					
CAC 40 (MATIF) FF200 per index point					
Jun 97	2897.0	2872.0	2880.2	-6.00	11,020
Jul 97	2895.0	2855.0	2873.0	-12.5	29,821
Aug 97	2896.0	2890.0	2880.5	-12.5	1,791
Sep 97	2906.0	2874.0	2889.0	-12.5	20,768
Dec 97	2933.0	2933.0	2913.5	-12.5	922
Est. sales: 47,685.					
Open int.: 76,208 off 980.					
FTSE 100 (LIFFE) £25 per index point					
Sep 97	4695.0	4660.0	4606.0	-55.0	62,720
Dec 97	4748.0	4745.5	4663.5	-55.0	2,757
Mar 98	N.T	N.T	4700.0	-55.0	1
Est. sales: 11,798. Prev. sales: 10,849					
Prev. open int.: 65,478 up 300					

Commodity Indexes

	Close	Previous
Moody's	N.A.	N.A.
Reuters	1,935.50	1,959.90
D.J. Futures	150.36	150.08
CRB	239.34	239.33

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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EUROPE

Boeing Yields to EU, Modifying Purchase

By Tom Buerkle
International Herald Tribune

BRUSSELS — Boeing Co. formally proposed modifications of its planned acquisition of McDonnell Douglas Corp. on Monday in an attempt to win approval for the $14 billion consolidation from Europe's antitrust regulator.

The proposed modifications — which sources said included a deletion of Boeing's status as exclusive aircraft supplier in 20-year contracts with three major U.S. airlines and an offer by the company to give new details of its U.S. government aid — were submitted to the European Commission before a deadline of midnight Monday, according to company executives.

The submission was made a day before the U.S. Federal Trade Commission was expected to signal its approval of the acquisition. But officials at the EU executive body had insisted that a U.S. ruling would not affect its antitrust review.

They said that the commission was determined to wring concessions to prevent the consolidation from giving Boeing an unfair advantage against Airbus Industrie, the European consortium that is Boeing's chief rival.

Boeing made "constructive proposals" that addressed the three main concerns voiced by Karel van Miert, the EU's competition commissioner, said Jim Frank, who handles European public affairs for the aerospace company. Those involve the combined company's market share, the exclusive supplier contracts and the spillover of defense subsidies into the commercial aircraft business.

But in a sign that Boeing was stopping short of meeting some of Mr. van Miert's demands, Mr. Frank indicated that negotiations with the EU merger task force were likely to continue until the end of July, when the commission must give its verdict on the deal.

A key factor that will require further talks is the issue of government subsidies. A chief concern raised by Mr. van Miert is the prospect that the acquisition will allow Boeing to underwrite its commercial aircraft business by tapping government subsidies in McDonnell Douglas's huge defense business.

According to officials with knowledge of the case, who declined to be identified, Boeing is prepared to provide European authorities with details of the research and development funds it receives from the U.S. defense and transportation departments and the National Aeronautics and Space Administration, on condition that Airbus gives similar information about its government aid.

Until now, a 1992 trans-Atlantic agreement on aircraft subsidies has only involved the exchange of budget information between government officials in Washington and Brussels.

U.S. and EU trade negotiators are due to discuss the agreement at a meeting in Washington next week, following recent accusations by ministers from the four Airbus countries — Britain, France, Germany and Spain — that Washington was exceeding its limits on aid.

Bonn to Raise $1.4 Billion From Lufthansa

Reuters

BONN — The Transportation Ministry said Monday the government would receive as much as 2.4 billion Deutsche marks ($1.38 billion) this year when its 35.7 percent stake in Lufthansa AG was sold to the public.

Bonn transferred the shares in the airline to Kreditanstalt fuer Wiederaufbau, the state development agency, last year and received 2.1 billion DM that was budgeted in 1996. The agency expects to get about 4.5 billion DM for the shares. The difference of 2.4 billion DM will go to Bonn and be budgeted in 1997.

The ministry gave more details about the expected sale after issuing a statement about changes to German law that take effect Tuesday and which ensure that a majority of Lufthansa remains in the hands of Germans.

Bonn is expected to float the shares in the autumn.

Euro Institute Gets New Chief

Duisenberg Vows '99 Start for the Common Currency

By John Schmid
International Herald Tribune

FRANKFURT — Wim Duisenberg, the Dutch central bank governor, ceremonially took over the presidency of the European Monetary Institute on Monday and ushered in what many expect to be a new, more prominent role for the institution in the creation of Europe's common currency.

In his first formal speech in his new role, Mr. Duisenberg steered clear of the political disputes that could threaten the January 1999 introduction of the euro and displayed a loyal sense of optimism that Europe can unify behind a single currency and the common central bank, of which the institute is a forerunner.

"As far as we are concerned, monetary union can start on Jan. 1, 1999," Mr. Duisenberg said.

Analysts doubt it will be so simple. With 18 months to go until monetary union, Mr. Duisenberg, who is widely expected to become the first president of the future central bank, must establish credibility for the euro at a time when many investors doubt that either France or Germany can meet the European Union's budget benchmarks.

The institute will play a pivotal role in the politically sensitive decision early next year to select the nations that would participate in the introduction of the euro.

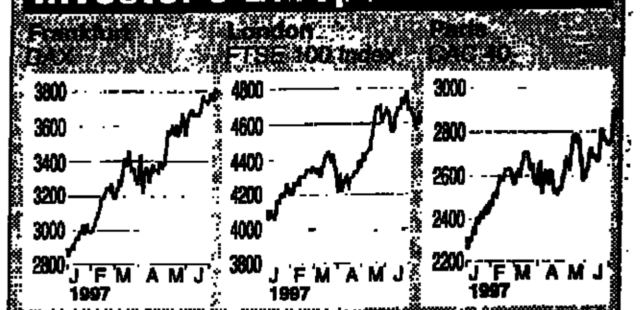
"We cannot afford to let EMU fail," Prime Minister Wim Kok of the Netherlands said at Mr. Duisenberg's installation, referring to European Monetary Union. "It would be politically and economically unwise to depart from the original plans."

Also Monday, Chancellor Helmut Kohl of Germany moved to muffle critics at home who call for a delay in monetary union, fearing that the euro would be a weak substitute for the Deutsche mark.

The German leader, in Berlin, said he had no doubts the euro would come on time. And Mr. Kohl accommodated the latest demands of the Bavarian premier, Edmund Stoiber, a prominent skeptic about the euro: he promised to uphold the rule that nations participating in the euro could have a budget deficit of no larger than 3 percent of gross domestic product.

Another skeptic, Herbert Hax, said it would be better to delay European Monetary Union than to soften the qualification criteria. Bonn is in a "foreseeable dilemma," since it has taken a position on both the criteria and the starting date, "one of which now has to be violated to get out of the tight spot," said Mr. Hax, chairman of Mr. Kohl's council of economic advisers.

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	861.55	870.45	[illegible]
Brussels	BEL-20	[illegible]	[illegible]	+0.32
Frankfurt	DAX	[illegible]	[illegible]	-0.25
Copenhagen	Stock Market	[illegible]	[illegible]	[illegible]
Helsinki	HEX General	[illegible]	[illegible]	[illegible]
Oslo	OBX	[illegible]	[illegible]	[illegible]
London	FTSE 100	[illegible]	[illegible]	[illegible]
Madrid	Stock Exchange	[illegible]	[illegible]	[illegible]
Milan	MIBTEL	[illegible]	[illegible]	[illegible]
Paris	CAC 40	[illegible]	[illegible]	[illegible]
Stockholm	SX 16	[illegible]	[illegible]	[illegible]
Vienna	ATX	[illegible]	[illegible]	[illegible]
Zurich	SPI	[illegible]	[illegible]	[illegible]

Source: Telekurs — International Herald Tribune

Very briefly:

- **Scottish & Newcastle PLC, Britain's largest brewer,** said annual profit before tax and exceptional items for the year ended April 27 rose 21 percent, to £374 million ($621.6 million), reflecting a surge in food sales and improved margins on its key beer brands in the second half.
- **Unilever Group,** the Anglo-Dutch consumer-goods maker, sold its John West Foods Ltd. canned tuna and fish business to **H. J. Heinz Co.** for an undisclosed sum.
- **Sidanko,** the Russian oil concern, plans to issue a convertible bond this year and American depositary receipts early next year.
- **Russia's** central bank is working on a corporate bond program to be launched in the autumn, said Andrei Kozlov, the bank's deputy chairman.
- **SAir Group AG,** which owns the airline and railway caterer **Gate Gourmet,** is buying **European Rail Catering** of Britain for an undisclosed sum.

Reuters, Bloomberg

SGS-Thomson Creates Cheap Chip

Bloomberg News

PARIS — SGS-Thomson Microelectronics NV said Monday that it had developed a new microprocessor that combines all personal-computer functions on a single chip at a price less than half that of similar chips available now.

The chip, known as ST PC Consumer, is targeted particularly at such applications as educational computers, in-flight entertainment systems and televisions with PC functions. It will cost less than $40, compared with more than $80 for a set of microchips offering the same functions now, the company said. Production is expected to begin in the fourth quarter.

"It's potentially very significant," said Nimrod Schwarzmann, an analyst at HSBC James Capel in London. "It's very difficult to speculate about volumes, because that depends upon market acceptance. But it's potentially a very large market."

SGS-Thomson shares rose 3 francs to 464 ($79.41).

SGS-Thomson has flourished in recent years by focusing on higher-margin semiconductor markets for products like smart cards, digital set-top boxes for cable and satellite television, and other consumer electronics, staying clear of the more cut-throat market for computer chips that is dominated by Intel Corp. of the United States, the world's top semiconductor maker.

Lonrho and JCI Call Off Merger Talks

Compiled by Our Staff From Dispatches

JOHANNESBURG — Lonrho PLC and JCI Ltd. of South Africa called off talks about a $3 billion merger amid disagreements over ownership, management and financing, but JCI said it had been approached to discuss other possible transactions involving Lonrho.

Analysts speculated the companies might try to combine their coal businesses. Lonrho owns an effective 60 percent stake in Duiker Mining Ltd., roughly the same size as JCI's coal unit, Tavistock Collieries, which JCI is preparing to list.

One industry source said JCI's Tavistock coal unit could be swapped for Lonrho's 33.6-percent stake in Ashanti Goldfields Co. of Ghana, one of the Africa's most successful gold mines.

Analysts said the swap could open the way for JCI to enter into a deal with Anglo American Corp. of South Africa, in which JCI could swap the Ashanti stake for Anglo's stake in Lonrho, which the European Union has told it to reduce.

(Bloomberg, Reuters)

Guessing Game at Fiat

Compiled by Our Staff From Dispatches

TURIN — The question of who will succeed Cesare Romiti as the Fiat chairman will not be resolved until next year, Gianni Agnelli, honorary chairman of Italy's industrial giant, said Monday, although he himself already knows the answer.

"I know, but I'm not telling you," he said.

While Mr. Agnelli declined to name his candidate, analysts say he may turn to Paolo Fresco, a senior executive of General Electric Co. of the United States who is currently a Fiat board member. *(Reuters, IHT)*

WORLD STOCK MARKETS

Monday, June 30
Prices in local currencies.
Telekurs

Amsterdam — AEX index: 861.55 / Previous: 870.45

	High	Low	Close	Prev.
ABN-AMRO	37	36.50	36.60	36.60
Aegon	139.20	136	137	135.20
Ahold	168.10	166.60	165.60	166.30
Akzo Nobel	274	269	269	271.80
Baan Co.	136	131.00	133	133.70
Bols Wess cva	38.70	37.20	37.70	38.30
CSM cva	99.10	98.10	98.40	99.20
Dordtsche Pet	N.T.	N.T.	N.T.	426.90
DSM	196.80	194.80	195.30	196.10
Elsevier	33.40	32.80	32.80	33.30
Fortis Amev	87.70	85.50	87.40	85.50
Getronics	64.80	63.10	63.40	64.30
G-Brocades	66.20	64.50	64.70	64.70
Hagemeyer	182	181	181.40	180.70
Heineken	352.50	335	335	351.70
Hoogovens cva	108.90	108.50	109.40	108.40
Hunter Douglas	171.50	167	167	172
ING Group	91.50	90.50	90.50	90.80
KLM	62.30	60.50	60.50	61.70
KNP BT	45.60	44.40	44.70	45
KPN	81	77	77	80.60
Nedlloyd Gp	57.40	56.40	56.70	57.50
Nutricia	311.80	309	310	310
Oce Grinten	254.10	249	253.20	249.10
Philips Elec	142.70	140.40	140.60	142.10
Polygram	109	103	103	107
Randstad Hdg	208	206.50	207	206.80
Robeco	187.50	185.20	185.50	185.90
Rodamco	65.70	65	65.50	64.80
Rolinco	189.10	188.30	188.30	188.20
Rorento	114.10	113.60	113.70	113.40
Royal Dutch	N.T.	N.T.	N.T.	416
Unilever cva	417.90	413.20	413.20	416.60
Vendex Intl	110	107.30	107.50	108.50
VNU	44.50	42.80	42.40	44
Wolters Kl-cva	245.30	237	239	244.20

Bangkok — SET index: 527.28 / Previous: 528.78

	High	Low	Close	Prev.
Adv Info Svc	234	220	226	214
Bangkok Bk F	194	178	178	197
Krung Thai Bk	28.75	26.25	27.25	27.50
PTT Explor	340	328	338	330
Siam Cement F	450	448	448	470
Siam Com Bk F	116	106	106	117
Telecomasia	33	31	31.25	31.25
Thai Airways	39.50	38	38	38.25
Thai Farm Bk F	118	109	110	115
Utd Comm	111	104	107	107

Bombay — Sensex 30 index: 4256.09 / Previous: 4122.24

	High	Low	Close	Prev.
Bajaj Auto	922	915	921	913.50
Hindust Lever	1450	1420	1439.50	1384.25
Hindust Petlm	460	444	454	443.25
Ind Dev Bk	103	100	102.25	95.75
ITC	567	542	562.75	524.75
Mahanagar Tel	309	301	303.75	297
Reliance Ind	374	363	371.75	367
State Bk India	341.50	336	340.25	336
Steel Authority	20.50	18.75	20.50	19.25
Tata Eng Loco	453	441.75	452	439.50

Brussels — BEL-20 index: 2380.70 / Previous: 2373.17

	High	Low	Close	Prev.
Almanij	14550	14225	14350	14450
Barco Ind	7240	7180	7290	7080
BBL	9250	9180	9100	9220
CBR	3325	3250	3300	3265
Colruyt	18000	17550	17550	17300
Delhaize Lion	1915	1890	1890	1895
Electrabel	7720	7650	7710	7660
Electrafina	3690	3630	3630	3700
Fortis AG	7430	7260	7480	7200
[illegible]	3385	3330	3380	3385
GBL	6090	5930	6030	6090
Gen Banque	14000	13750	13850	14025
Kredietbank	14600	14200	14500	14475
Petrofina	13625	13525	13625	13650
Powerfin	4955	4910	4940	4970
Royale Belge	10375	10250	10450	10275
Soc Gen Belg	3365	3365	3360	3365
Solvay	21250	20850	21300	21600
Tractebel	15000	14775	15000	14975
UCB	116500	114000	114000	116100

Copenhagen — Stock index: 588.42 / Previous: 584.99

	High	Low	Close	Prev.
BG Bank	367	346	367	361
Carlsberg B	369	360	366	356
Codan Fors	891	870	870	885
Danisco	409	402	406	402
Den Danske Bk	646	641	646	648
D/S Svendbg B	345000	340000	343000	340000
D/S 1912 B	239000	235764	237500	237000
FLS Ind B	227	223	225	222
Kob Lufthavne	705	701.80	704.40	705
Novo Nordisk B	725	719	724	724
Sophus Ber B	981	957	960	975
Tele Danmk B	348	343	345	348
Tryg Baltica	356	349	355	352
Unidanmark A	375	371	373	370

Frankfurt — DAX: 3785.77 / Previous: 3795.41

	High	Low	Close	Prev.
AMB B	1560	1531	1537	1540
Adidas	197	193	193	195.10
Allianz Hdg	374.50	365	365	374.20
Altana	1870	1845	1860	1852
Bk Berlin	37.10	36.50	36.50	36.90
BASF	64.80	64	64.45	63.15
Bayer Hypo Bk	52.80	52.15	52.15	52.22
Bay Vereinsbank	71.70	71.05	71.30	71.90
Bayer	68	67	67.02	67
Beiersdorf	94.50	90	90	93.70
Bewag	40	39.50	40	39.99
BMW	1443	1430	1443	1432
CKAG Colonia	165	161	161	165
Commerzbank	49.85	49.05	49.40	49.35
Daimler Benz	142.20	141.30	141.50	141.10
Degussa	92.50	92	92.30	92.25
Deutsche Bank	102.85	101.80	101.90	101.90
Deut Telekom	42.95	42	42	43
Dresdner Bank	61.50	60.30	60.38	61.05
Fresenius	362	360	360	361
Fresenius Med	154.80	154	154	152.60
Fried. Krupp	343	340	341	345
Gehe	120.50	119	119	119.90
Heidelbg Zmt	169.50	165	165	171.50
Henkel pfd	99	98	99	97.60
HEW	465	465	465	465
Hochtief	80	78	78	81
Hoechst	74.18	73.73	73.98	72.60
Karstadt	631.50	621	621	627
Lahmeyer	79.50	77.70	77.70	79
Linde	1375	1335	1335	1355
Lufthansa	33.60	33.35	33.45	33.55
MAN	546	537	537	548
Mannesmann	782	777	777	771
Metallgesellschaft	36.30	36.05	36.30	36.35
Metro	191.50	189	191.10	191
Munch Rueck R	4945	4890	4898	4930
Preussag	516	510	510.50	514
RWE	75.20	74.75	75	75.15
SAP pfd	352.50	346	350	345.80
Schering	189.50	186.20	186.35	189.50
SGL Carbon	239.30	237.50	238.80	236.50
Siemens	104.55	103.65	103.55	105.30
Springer (Axel)	1545	1500	1545	1540
Suedzucker	935	935	935	936
Thyssen	419.50	413	413	420
Veba	98.90	98	98	99
VEW	565	559	562	565
Viag	798	791	793	793
Volkswagen	1344	1312	1337	1305

Helsinki — HEX General index: 3207.58 / Previous: 3209.94

	High	Low	Close	Prev.
Enso A	48	47.40	47.90	47
Huhtamaki I	224	223	222.50	224
Kemira	49.90	48.20	49	48.30
Kesko	75.30	72	73.20	75.50
Merita A	17.30	16.80	17.30	16.90
Metra B	159	156.50	156.50	158
Metsa-Serla B	42.50	42	42.30	42.50
Neste	138	137.50	138	138
Nokia A	393	387.90	387.90	390.30
Orion-Yhtymae	197	196.10	196.80	196
Outokumpu A	103.40	102.50	103	103
UPM-Kymmene	123	120	120	122.30
Valmet	89.50	87.40	89.80	88

Market Closed

The Hong Kong stock market was closed Monday for the handover holiday.

Jakarta — Composite index: 724.56 / Previous: 716.82

	High	Low	Close	Prev.
Astra Intl	8000	7825	8000	7850
Bk Intl Indon	2125	2075	2100	2075
Bk Negara	1550	1500	1550	1500
Gudang Garam	10200	10000	10200	10000
Indocement	3775	3650	3775	3650
Indofood	5600	5475	5600	5575
Indosat	7275	7175	7275	7175
Sampoerna HM	9275	9000	9275	8925
Semen Gresik	5475	5325	5450	5350
Telekomunikasi	3975	3925	3975	3975

Johannesburg — All Market: 7419.98 / Previous: 7411.84

	High	Low	Close	Prev.
Amalgamated Bks	32.85	32.30	32.55	32.70
AngloAm Coal	279	277.75	279	277.50
AngloAm Corp	273.75	272	273.25	272
AngloAm Gold	276	273.50	273.50	276.50
AngloAm Ind	199	196.50	199	197.50
AVMIN	16.10	15.80	16.10	16
Barlow	49.90	49.25	49.35	49.25
C.G. Smith	25.50	25.05	25.20	25.50
De Beers	167.50	164.50	167.50	167
Driefontein	31.55	30.40	30.50	31.60
Fst Natl Bk	39.75	38.50	39	40
Gencor	20.95	20.80	20.80	21
GFSA	107.50	106	107	107.50
Imperial Hdgs	65	64	64.50	64.25
Ingwe Coal	29	28.60	29	28.75
Iscor	3.06	2.97	3	3
Johnnies Indl	59.25	58.75	58.75	59
Liberty Hdgs	330	329	330	329
Liberty Life	123.25	122.25	123	123
LibLife Strat	17.80	17.40	17.80	17.75
Minorco	105.25	105	105.25	105
Nampak	19.70	19.30	19.70	19.40
Nedcor	101	100.25	100.50	100.75
Rembrandt Gp	48.75	47.75	48.40	48
Richemont	67	65	66.75	65
Rust Platinum	84.50	82.50	83	84
SA Breweries	140	138.75	139.25	139.75
Samancor	45.55	45	45.50	45.50
Sasol	59.50	58.50	59.50	58.50
SBIC	224.75	222.75	222	222.50
Tiger Oats	82.50	80	80	83

Kuala Lumpur — Composite: 1077.38 / Previous: 1078.86

	High	Low	Close	Prev.
AMMB Hdgs	15.70	15.50	15.70	15.70
Genting	12.60	12	12.10	12.40
Mal Banking	26.75	25.75	26.50	26
Mal Intl Ship F	6.60	6.45	6.55	6.45
Petronas Gas	9.20	8.65	9.10	9.30
Proton	11.90	11.70	11.80	11.70
Public Bk	3.94	3.82	3.94	3.82
Renong	3.34	3.26	3.30	3.30
Resorts World	7.65	7.55	7.60	7.55
Rothmans PM	25	24.30	24.80	24.20
Sime Darby	8.45	8.25	8.40	8.25
Telekom Mal	11.90	11.80	11.80	11.80
Tenaga	12.30	12	12.30	12.20
Utd Engineers	18.50	18.10	18.20	18.10
YTL	7.85	7.60	7.80	7.90

London — FT-SE 100: 4604.60 / Previous: 4640.30

	High	Low	Close	Prev.
Abbey Natl	8.48	8.08	8.20	8.31
Allied Domecq	4.39	4.29	4.39	4.33
Anglian Water	6.59	6.49	6.56	6.75
Argos	5.62	5.45	5.45	5.56
Asda Group	1.25	1.23	1.24	1.24
Assoc Br Foods	5.20	5.16	5.19	5.15
BAA	5.62	5.50	5.55	5.51
Barclays	12.32	11.91	11.92	12.25
Bass	7.37	7.25	7.36	7.36
BAT Ind	5.45	5.35	5.38	5.37
Bank Scotland	3.95	3.82	3.93	3.91
Blue Circle	4.33	4.27	4.29	4.34
BOC Group	10.48	10.43	10.44	10.49
Boots	7.17	7	7.11	7.13
BPB Ind	3.31	3.23	3.25	3.31
Brit Aerosp	13.47	13.23	13.43	13.44
Brit Airways	6.97	6.83	6.88	6.95
BG	2.28	2.18	2.22	2.28
Brit Land	5.70	5.65	5.65	5.68
Brit Petm	7.55	7.46	7.47	7.43
BSkyB	4.52	4.38	4.52	4.55
Brit Steel	1.56	1.48	1.50	1.49
Brit Telecom	4.52	4.42	4.46	4.50
BTR	2.10	1.98	2.03	1.99
Burmah Castrol	10.40	10.15	10.16	10.12
Burton Gp	1.19	1.16	1.18	1.15
Cable Wireless	5.71	5.50	5.63	5.70
Cadbury Schw	5.44	5.34	5.34	5.40
Carlton Comm	5.30	5.06	5.23	5.28
Coml Union	6.59	6.30	6.52	6.52
Compass Gp	6.76	6.72	6.72	6.74
Courtaulds	3.43	3.35	3.42	3.41
Dixons	4.80	4.66	4.73	4.74
Electrocomponents	4.50	4.45	4.47	4.48
EMI Group	10.98	10.70	10.95	10.90
Energy Group	6.82	6.36	6.41	6.37
Enterprise Oil	6.80	6.71	6.73	6.77
Fam Colonial	1.66	1.64	1.65	1.65
Genl Accident	8.90	8.75	8.75	8.86
GEC	3.60	3.54	3.59	3.56
GKN	10.49	10.30	10.30	10.49
Glaxo Wellcome	12.50	12.33	12.40	12.36
Granada Gp	8.10	7.89	7.90	8.07
Grand Met	5.89	5.78	5.82	5.83
GRE	2.75	2.70	2.72	2.73
Greenalls Gp	4.48	4.41	4.41	4.44
Guinness	5.92	5.78	5.88	5.92
GUS	6.34	6.06	6.10	6.16
Hays	5.79	5.70	5.72	5.79
HSBC Hldgs	17.99	17.56	17.75	17.96
ICI	8.37	8.30	8.34	8.35
Impl Tobacco	3.89	3.83	3.86	3.90
Kingfisher	6.99	6.77	6.82	6.99
Ladbroke	2.43	2.34	2.36	2.38
Land Sec	8.57	8.45	8.50	8.58
Lasmo	2.67	2.59	2.62	2.67
Legal Genl Grp	4.15	4.04	4.07	4.17
Lloyds TSB Gp	6.92	6.10	6.16	6.28
LucasVarity	2.10	2.07	2.08	2.09
Marks Spencer	5.06	4.96	4.98	5.06
MEPC	5.02	4.91	4.92	4.99
Mercury Asset	12.55	12.27	12.35	12.64
National Grid	2.23	2.17	2.23	2.20
Natl Power	5.49	5.20	5.24	5.25
NatWest	8.32	8.05	8.19	8.11
Next	7.07	6.77	6.78	7.02
Norwich Union	3.30	3.18	3.21	3.28
Orange	2.01	1.97	1.98	1.98
P&O	6.12	5.96	5.98	6.07
Pearson	7.02	6.93	6.96	7.06
Pilkington	1.39	1.33	1.36	1.33
PowerGen	7.28	7.13	7.14	7.25
Premier Farnell	4.70	4.62	4.67	4.65
Prudential	5.92	5.79	5.91	5.91
Railtrack Gp	6.30	6.11	6.23	6.17
Rank Group	3.82	3.77	3.81	3.77
Reckitt Coln	8.97	8.83	8.86	8.84
Redland	3.40	3.35	3.40	3.38
Reed Intl	5.89	5.80	5.85	5.87
Rentokil Initial	2.16	2.08	2.10	2.15
Reuters Hldgs	6.44	6.23	6.37	6.31
Rexam	2.58	2.52	2.54	2.59
RMC Group	9.85	9.73	9.73	9.76
Rolls Royce	2.40	2.29	2.37	2.38
Royal Bk Scot	5.90	5.58	5.62	5.84
RTZ reg	10.55	10.35	10.46	10.50
Royal & Sun All	4.50	4.41	4.43	4.45
Safeway	3.49	3.44	3.45	3.45
Sainsbury	3.69	3.60	3.63	3.62
Schroders	16.65	16.40	16.40	16.65
Scot Newcastle	6.60	6.45	6.58	6.41
Scot Power	3.91	3.46	3.88	3.87
Securicor	2.86	2.84	2.85	2.85
Severn Trent	7.88	7.63	7.79	7.58
Shell Transp R	4.25	4.09	4.09	12.53
Siebe	10.17	10.16	10.18	10.18
Smith Nephew	1.68	1.66	1.67	1.68
SmithKline	11.15	11	11.06	10.91
Smiths Ind	7.75	7.68	7.68	7.75
Sthern Elec	4.47	4.38	4.47	4.45
Stagecoach	6.35	6.31	6.33	6.28
Stand Charter	9.23	9.10	9.16	9.19
Tate & Lyle	4.50	4.43	4.47	4.49
Tesco	3.74	3.68	3.70	3.72
Thames Water	6.98	6.85	6.93	6.95
3i Group	5	4.96	5	4.98
TI Group	5.28	5.22	5.24	5.26
Tomkins	2.62	2.58	2.59	2.58
Unilever	17.30	16.50	17.28	17.16
Utd Assurance	4.34	4.25	4.32	4.27
Utd News	7.17	6.93	6.97	7.29
Utd Utilities	6.98	6.45	6.58	6.50
Vendome Lx uts	4.47	4.40	4.47	4.46
Vodafone	2.95	2.91	2.93	2.92
Whitbread	7.63	7.52	7.68	7.57
Williams Hdgs	3.25	3.17	3.25	3.17
Wolseley	4.78	4.67	4.67	4.74
WPP Group	2.48	2.43	2.46	2.44
Zeneca	20.18	19.85	19.86	19.73

Madrid — Bolsa index: 600.42 / Previous: 604.58

	High	Low	Close	Prev.
Acerinox	27830	27600	27610	27560
ACESA	2010	1980	2000	1975
Aguas Barcelona	6080	6000	6030	5980
Argentaria	8320	8200	8250	8280
BBV	12140	11940	11970	12080
Banesto	1495	1475	1485	1500
Bankinter	26500	25970	26000	25900
Bco Central Hisp	5480	5390	5390	5460
Bco Popular	36900	35210	36100	37000
Bco Santander	4765	4540	4540	4690
CEPSA	5060	4990	5000	5070
Continente	3350	3300	3305	3330
Corp Mapfre	7920	7800	7840	7840
Endesa	12550	12250	12370	12170
FECSA	1435	1400	1405	1415
Gas Natural	32850	32000	32190	32430
Iberdrola	1910	1845	1860	1890
Pryca	3225	3155	3190	3170
Repsol	6380	6220	6230	6260
Sevillana Elec	1550	1515	1520	1510
Tabacalera	8000	7870	7910	8020
Telefonica	4350	4255	4260	4335
Union Fenosa	1350	1330	1340	1340
Valenc Cement	2375	2350	2375	2350

Manila — PSE index: 2809.21 / Previous: 2835.83

	High	Low	Close	Prev.
Ayala B	19	19	19	19.25
Ayala Land	24.50	24	24.25	24.50
Bk Philip Isl	169	165	168	166
C&P Homes	10	9.90	9.90	9.90
Manila Elec A	87.50	87	87	87.50
Metro Bank	560	535	560	548
Petron	6.90	6.70	6.70	6.70
PCIBank	255	255	255	252.50
Phil Long Dist	875	855	855	880
San Miguel B	71	69.50	69.50	72.50
SM Prime Hdg	7.90	7.80	7.80	7.90

Mexico — Bolsa index: 4432.87 / Previous: 4481.11

	High	Low	Close	Prev.
Alfa A	54.20	53.00	54.20	54.20
Banacci B	21.35	20.55	20.80	21.45
Cemex CPO	34.90	33.60	34.00	34.48
Cifra C	12.90	12.60	12.60	12.88
Emp Modema	41.60	40.70	41.40	41.20
Gpo Carso A1	56.70	54.90	55.30	56.70
Gpo F Bcomer	2.30	2.26	2.28	2.29
Gpo Fin Inbursa	33.70	33.00	33.30	33.80
Kimb Clark Mex	31.60	30.95	31.50	31.60
Televisa CPO	121.00	119.70	120.40	122.50
TelMex L	19.02	18.90	19.00	19.18

Milan — MIB Telematico: 13182.00 / Previous: 13388.00

	High	Low	Close	Prev.
Alleanza Assic	13585	13280	13355	13400
Bca Comm Ital	3665	3520	3520	3620
Bca Fideuram	5585	5260	5555	5240
Bca di Roma	1280	1240	1260	1242
Benetton	27450	26800	27150	26950
Credito Italiano	3190	3090	3110	3165
Edison	8455	8285	8455	8255
ENI	9810	9570	9625	9570
Fiat	6235	6090	6120	6185
Generali Assic	31980	30750	30900	31400
IMI	15720	15050	15300	15485
INA	2640	2550	2590	2625
Italgas	5525	5235	5500	5460
Mediaset	7355	7155	7215	7245
Mediobanca	10645	10250	10320	10515
Montedison	1154	1122	1122	1135
Olivetti	497	481.50	481.50	490
Parmalat	2490	2395	2405	2380
Pirelli	4230	4200	4210	4235
RAS	14040	13450	13450	13900
Rolo Banca	21650	20000	21100	21200
S Paolo Torino	12550	12200	12390	12545
Stet	10290	9840	9900	10170
Telecom Italia	5745	5090	5090	5675
TIM	5640	5390	5500	5595

Montreal — Industrials index: 3281.90 / Previous: 3267.34

	High	Low	Close	Prev.
Bca Mob Com	41½	41½	41½	42.20
Cdn Tire A	27	27	27	27
Cdn Util A	35.85	35.60	35.60	35¾
CT Finl Svc	36.10	36.10	36.10	36.10
Gaz Metro	17.95	17.80	17.90	17.95
Gt-West Lifeco	33¼	33¼	33¼	33
Imasco	39.15	39	39.15	39.05
Investors Grp	32	32	32	31.80
Loblaw Cos	19.30	19.30	19.30	19.40
Natl Bk Canada	17.30	17.10	17.30	17.38
Power Corp	34	33¾	34	33¾
Power Finl	33.20	32.70	33.20	33.30
Quebecor B	25½	25.40	25½	25½
Rogers Comm B	8.60	8.60	8.60	8.70
Royal Bk Cda	62.80	62.30	62.60	62.85

Oslo — OBX index: 650.06 / Previous: 649.55

	High	Low	Close	Prev.
Aker A	146	144	144	143
Bergesen Dy A	174	173	173.50	173
Christiania Bk	25	24.70	25	24.90
Den norske Bk	28.90	28.50	28.70	28.90
Elkem	147	143.50	143.50	145.50
Hafslund A	44.50	44	44	44.90
Kvaerner Asa	449.50	443	443.50	445
Norsk Hydro	402	396	399	396
Norske Skog A	254	252	252.50	252
Nycomed A	108.50	106	108	106.50
Orkla Asa A	541	537	541	536
Petm GeoSvc	360	351	353	353.50
Saga Petm A	140	138.50	139	138.50
Schibsted	145	143	145	145
Transocean Off	505	505	505	490
Storebrand Asa	44.70	43.20	43.70	44.40

Paris — CAC-40: 2858.26 / Previous: 2891.84

	High	Low	Close	Prev.
Accor	887	873	880	877
AGF	188.80	183.10	187.80	183
Air Liquide	964	931	933	969
Alcatel Alsth	742	732	736	740
Axa-UAP	371	362.10	365.50	370.90
Bancaire	762	740	750	742
BIC	978	961	961	968
BNP	249	242	242.20	250
Canal Plus	1152	1131	1144	1130
Carrefour	4335	4254	4268	4330
Casino	299.80	278	290.90	299.90
CCF	251.50	248.10	249	247.80
Cetelem	745	713	739	716
Christian Dior	980	946	970	941
CLF-Dexia Fran	585	569	572	584
Credit Agricole	1251	1251	1251	1251
Danone	987	970	971	982
Elf-Aquitaine	649	634	634	652
Eridania BS	900	880	880	909
Eurodisney	9.25	9.15	9.15	9.25
Eurotunnel	6.50	6.20	6.45	6.20
Gen. Eaux	762	753	753	760
Havas	429	422.50	423.50	424.50
Imetal	805	772	779	810
Lafarge	372.80	365	365.50	373.30
Legrand	1078	1035	1035	1070
L'Oreal	2514	2471	2476	2500
LVMH	1614	1561	1580	1547
Lyon. Eaux	605	572	592	585
Michelin B	364	352.90	352.90	362.40
Paribas A	408	404	406	407.40
Pernod Ricard	315	303	303	303.90
Peugeot Cit	586	562	568	583
Pinault-Print	2910	2818	2824	2920
Promodes	2372	2289	2289	2329
Renault	155	148.70	148.70	155.50
Rexel	1811	1765	1804	1769
Rh-Poulenc A	242	237.10	240	241.30
Sanofi	585	566	576	582
Schneider	328.70	310.10	312.80	323.90
SEB	1055	1017	1030	1052
SGS Thomson	471.50	463	464	461
Ste Generale	681	656	656	680
Sodexho	3030	2896	3009	2900
St Gobain	862	848	857	856
Suez	14.75	13.90	14.45	14.20
Synthelabo	774	757	765	762
Thomson CSF	159.70	150.50	151.40	158
Total B	598	585	594	590
Usinor	107.30	105	106	107.50
Valeo	372.30	362	365	370

São Paulo — Bovespa index: 12567.40 / Previous: 12757.00

	High	Low	Close	Prev.
Bradesco Pfd	11.00	10.75	10.850	10.98
Brahma Pfd	830.00	820.49	822.00	825.00
Cemig Pfd	55.50	53.30	55.50	55.20
CESP Pfd	73.00	71.50	72.00	72.70
Copel	19.00	18.80	18.82	19.00
Eletrobras	613.00	598.00	602.00	615.00
Itaubanco Pfd	620.00	610.00	610.00	616.00
Light Servicos	523.00	516.00	523.08	518.00
Lightpar	425.00	410.00	424.00	420.00
Petrobras Pfd	301.00	294.00	298.00	302.00
Paulista Luz	181.00	179.01	180.00	184.00
Sid Nacional	35.50	35.30	35.50	35.50
Souza Cruz	11.35	11.28	11.35	11.30
Telebras Pfd	167.40	162.70	163.60	166.20
Telemig	191.00	189.60	189.60	194.00
Telerj	162.00	158.00	161.00	165.00
Telesp Pfd	357.00	347.01	351.00	357.00
Unibanco	39.30	39.00	39.110	39.50
Usiminas Pfd	12.10	11.80	11.99	12.05
CVRD Pfd	24.80	23.90	24.05	24.40

Seoul — Composite index: 745.48 / Previous: 738.42

	High	Low	Close	Prev.
Dacom	99000	96000	96200	98000
Daewoo Heavy	7550	7210	7300	7200
Hyundai Eng.	23400	21600	22800	21100
Kia Motors	14600	13800	14500	14100
Korea El Pwr	27100	26500	26500	26900
Korea Exch Bk	5860	5510	5850	5500
Korea Mob Tel	460000	446000	457000	460000
LG Semicon	35900	34000	34600	35100
Pohang Iron St	64400	62000	63600	62100
Samsung Display	46700	45000	46100	45500
Samsung Elec	72200	68500	70500	68500
Shinhan Bank	11200	10900	11000	11000

Singapore — Straits Times: 1987.95 / Previous: 1974.37

	High	Low	Close	Prev.
Asia Pac Brew	5.95	5.70	5.70	6
Cerebos Pac	6.55	6.45	6.50	6.50
City Devts	14	13.70	14	13.60
Cycle Carriage	14.80	14.40	14.80	14.40
Dairy Farm Intl*	0.75	0.74	0.75	0.74
DBS foreign	18.10	17.70	18	17.70
DBS Land	4.52	4.44	4.52	4.48
Fraser & Neave	10.20	9.90	10.20	10
HK Land*	2.73	2.62	2.66	2.60
Jard Mathesn*	7.35	7.10	7.10	7.35
Jard Strategic*	3.80	3.76	3.78	3.80
Keppel A	6.20	6.15	6.20	6.20
Keppel Bank	3.70	3.66	3.68	3.66
Keppel Fels	4.86	4.78	4.84	4.82
Keppel Land	3.86	3.80	3.80	3.88
OCBC foreign	14.80	14.50	14.80	14.50
OS Union Bk F	9	8.85	8.90	9
Parkway Hdgs	6.45	6.40	6.40	6.40
Sembawang	6.55	6.50	6.50	6.60
Sing Air foreign	12.80	12.70	12.80	12.80
Sing Land	6.50	6.40	6.50	6.50
Sing Press F	29.10	28.50	28.80	28.60
Sing Tech Ind	3.74	3.68	3.68	3.68
Sing Telecomm	2.63	2.53	2.63	2.60
Tat Lee Bank	3.06	3.04	3.04	3.06
Utd Industrial	1.08	1.07	1.08	1.06
Utd OSea Bk F	14.70	14.60	14.70	14.60
Wing Tai Hdgs	4.14	4.10	4.12	4.14

*: in U.S. dollars.

Stockholm — SX 16 index: 3270.91 / Previous: 3300.21

	High	Low	Close	Prev.
AGA B	104	103	103	103
ABB A	109	106.50	108.50	107
AssiDoman	222.50	220	220	222
Astra A	146	144	144	145
Atlas Copco A	204	201.50	202	201.50
Autoliv	299	295.50	297.50	295
Electrolux B	575	558	558	573
Ericsson B	312.50	301.50	304.50	313
Hennes B	279	272	272	277.50
Incentive A	705	690	700	704
Investor B	410.50	405	407.50	405.50
MoDo B	254.50	250.50	254	251
Nordbanken	262	251	261	254
Pharm/Upjohn	262.50	258	261	264
Sandvik B	220	218	219.50	219.50
Scania B	236	229	236	228.50
SCA B	167	162	162	165.50
S-E Banken A	85	83.50	83.50	84.50
Skandia Fors	288.50	282	285	283.50
Skanska B	344	339	342	340
SKF B	204	198	200	205
Sparbanken A	172	165	172	168
Stadshypotek A	190	190	190	190
Stora A	129	125	125	128
Sv Handles A	248	242	246	241.50
Volvo B	210	206.50	207	206

Sydney — All Ordinaries: 2725.90 / Previous: 2702.40

	High	Low	Close	Prev.
Amcor	8.84	8.74	8.80	8.78
ANZ Bking	9.95	9.78	9.90	9.80
BHP	19.50	19.22	19.48	19.15
Boral	4.24	4.17	4.17	4.22
Brambles Ind.	26.35	25.41	26.19	25.41
CBA	16.05	15.76	16	15.74
CC Amatil	17.30	16.70	17.20	16.68
Coles Myer	6.92	6.85	6.89	6.85
Comalco	7.25	7.15	7.15	7.13
CSR	5.18	5.10	5.13	5.13
Fosters Brew	2.49	2.44	2.46	2.48
Goodman Fld	1.95	1.93	1.95	1.95
ICI Australia	13.10	12.85	13.05	12.89
Lend Lease	28.05	27.88	28	27.89
MIM Hdgs	1.96	1.92	1.96	1.96
Nat Aust Bank	18.99	18.82	18.97	18.80
Nat Mutual Hdg	2.14	2.06	2.14	2.07
News Corp	6.37	6.29	6.35	6.36
Pacific Dunlop	3.92	3.80	3.92	3.86
Pioneer Intl	5.19	4.95	5.12	5.11
Pub Broadcast	7.64	7.56	7.63	7.55
Rio Tinto	22.58	22.44	22.58	22.57
St George Bank	8.89	8.74	8.81	8.75
WMC	8.43	8.30	8.35	8.40
Westpac Bking	8	7.81	7.97	7.80
Woodside Pet	11.60	11.34	11.40	11.33
Woolworths	4.38	4.28	4.35	4.29

Taipei — Stock Market index: 9030.28 / Previous: 8984.59

	High	Low	Close	Prev.
Cathay Life Ins	163	158	159	160
Chang Hwa Bk	119.50	115	115.50	118
Chiao Tung Bk	79.50	77	77.50	78
China Develpmt	145	140	143.50	141
China Steel	30	29	29.40	29.20
First Bank	118	113	113.50	115.50
Formosa Plastic	68.50	67	67	67.50
Hua Nan Bk	119	113	113.50	117
Intl Comm Bk	67.50	66	66	66.50
Nan Ya Plastics	82.50	80.50	81	81
Shin Kong Life	115.50	111	113	110
Taiwan Semi	130	120.50	123.50	120.50
Tatung	55	54	54	54
Utd Micro Elec	118	109	113.50	112.50
Utd World Chin	69	66.50	66.50	68

Tokyo — Nikkei 225: 20604.96 / Previous: 20523.75

	High	Low	Close	Prev.
Ajinomoto	1250	1230	1230	1190
All Nippon Air	749	730	735	721
Amway	3980	3870	3880	3920
Asahi Bank	975	950	975	952
Asahi Chem	685	669	685	675
Asahi Glass	1140	1110	1140	1110
Bk Tokyo Mitsu	2310	2250	2300	2270
Bk Yokohama	657	645	645	667
Bridgestone	2680	2630	2660	2610
Canon	3190	3120	3120	3150
Chubu Elec	2080	2050	2070	2060
Chugoku Elec	2040	2010	2020	2010
Dai Nipp Print	2590	2540	2590	2560
Daiei	758	735	735	764
Dai-Ichi Kang	1590	1540	1560	1560
Daiwa Bank	547	541	543	560
Daiwa House	1430	1400	1400	1400
Daiwa Sec	949	892	904	949
DDI	8640a	8460a	8460a	8550a
Denso	2760	2680	2740	2750
East Japan Ry	5880a	5720a	5880a	5700a
Eisai	2180	2150	2170	2180
Fanuc	4400	4270	4400	4290
Fuji Bank	1760	1690	1720	1740
Fuji Photo	4670	4610	4610	4650
Fujitsu	1610	1580	1590	1610
Hachijuni Bk	1160	1140	1160	1160
Hitachi	1300	1270	1280	1280
Honda Motor	3450	3410	3450	3390
IBJ	1800	1740	1780	1760
IHI	455	445	450	450
Itochu	617	597	617	592
Ito-Yokado	6650	6540	6650	6540
JAL	523	516	521	514
Japan Tobacco	9080a	8970a	9050a	9040a
Jusco	3890	3750	3870	3740
Kajima	678	666	671	660
Kansai Elec	2210	2180	2210	2200
Kao	1600	1580	1590	1590
Kawasaki Hvy	543	531	533	533
Kawa Steel	373	365	373	367
Kinki Nipp Ry	700	695	700	695
Kirin Brewery	1190	1170	1190	1170
Kobe Steel	221	215	219	221
Komatsu	930	911	930	910
Kubota	572	557	561	562
Kyocera	9170	9090	9100	9150
Kyushu Elec	1990	1970	1970	1980
LTCB	500	488	495	486
Marubeni	520	510	520	513
Marui	2190	2130	2130	2120
Matsu Comm	3920	3860	3870	3950
Matsu Elec Ind	2310	2290	2310	2290
Matsu Elec Wk	1300	1280	1300	1280
Mitsubishi	1430	1410	1430	1410
Mitsubishi Ch	374	360	374	368
Mitsubishi El	657	641	641	654
Mitsubishi Est	1660	1640	1660	1650
Mitsubishi Hvy	881	869	879	871
Mitsubishi Mat	825	815	820	822
Mitsubishi Tr	1820	1790	1810	1780
Mitsui	1100	1080	1100	1070
Mitsui Fudosn	1580	1540	1580	1540
Mitsui Trust	877	858	865	871
Murata Mfg	4600	4520	4520	4550
NEC	1660	1590	1600	1660
Nikon	1930	1900	1930	1900
Nikko Sec	754	691	705	754
Nintendo	9600	9490	9580	9500
Nipp Express	915	904	915	903
Nippon Oil	639	627	627	625
Nippon Steel	369	362	366	363
Nissan Motor	889	862	889	840
NKK	246	239	246	241
Nomura Sec	1580	1540	1580	1570
NTT	1100b	1080b	1100b	1090b
NTT Data	4470b	4400b	4430b	4460b
Oji Paper	709	692	709	691
Osaka Gas	329	321	329	322
Ricoh	1530	1500	1500	1510
Rohm	11900	11600	11600	11600
Sakura Bk	893	866	878	890
Sankyo	3870	3800	3850	3780
Sanwa Bank	1700	1660	1700	1650
Sanyo Elec	514	507	514	512
Secom	8450	8380	8410	8370
Seibu Rwy	5810	5750	5760	5800
Sekisui Chem	1180	1160	1160	1180
Sekisui House	1190	1160	1160	1180
Seven-Eleven	8750	8640	8660	8750
Sharp	1580	1530	1580	1530
Shikoku El Pwr	1950	1930	1950	1940
Shimizu	690	679	687	678
Shin-etsu Ch	3050	3030	3040	3010
Shiseido	1890	1850	1890	1870
Shizuoka Bk	1310	1280	1310	1320
Softbank	7490	7330	7330	7500
Sony	10100	9940	9990	9990
Sumitomo	1090	1070	1090	1070
Sumitomo Bk	1900	1860	1880	1870
Sumit Chem	519	507	519	508
Sumitomo Elec	1930	1900	1920	1900
Sumit Metal	326	320	326	316
Sumit Trust	1250	1220	1230	1220
Taisho Pharm	3090	3000	3090	2990
Takeda Chem	3220	3170	3220	3190
TDK	8530	8410	8410	8330
Tohoku El Pwr	2040	2010	2040	2020
Tokai Bank	1190	1150	1180	1170
Tokio Marine	1500	1470	1500	1480
Tokyo El Pwr	2410	2390	2410	2390
Tokyo Electron	5550	5460	5480	5540
Tokyo Gas	318	311	318	310
Tokyu Corp.	711	693	711	696
Tonen	1410	1380	1380	1390
Toppan Print	1810	1790	1800	1780
Toray Ind	828	806	817	829
Toshiba	749	737	737	740
Tostem	3180	3110	3170	3160
Toyo Trust	973	950	965	950
Toyota Motor	3400	3340	3380	3330
Yamanouchi	3130	3080	3080	3120

a: x 100; b: x 1,000

Toronto — TSE Industrials: 6423.73 / Previous: 6426.40

	High	Low	Close	Prev.
Abitibi Cons.	24⅞	24.55	24.65	24.80
Alberta Energy	34.60	33	34½	34.40
Alcan Alum	47¾	46.90	47.70	47.30
Anderson Expl	17¾	17.35	17.65	17½
Bk Montreal	54.35	53.60	54	54.10
Bk Nova Scotia	61.35	60.60	60¾	61
Barrick Gold	30.15	29¾	29.90	30.10
BCE	38.95	38.20	38.70	38.95
BC Telecomm	32¼	32.05	32.10	32¼
Biochem Pharm	30.30	30.30	30.30	30.30
Bombardier B	31.45	30.90	31.45	31
Brascan A	34.05	33.70	34	33.80
Cameco	51¼	50¾	51½	50½
CIBC	35.20	34.60	34.80	35.10
Cdn Natl Rail	60.40	60	60.35	60.10
Cdn Natl Res	36	35.55	35.80	35¾
Cdn Occid Pet	31¼	30.90	31	31
Cdn Pacific	39.65	39	39.15	39.60
Cominco	36¾	36½	36.65	36¾
Dofasco	26	25.85	26	25½
Domtar	12	11.85	12	12.05
Donohue A	29½	29.20	29½	29½
Du Pont Cda A	30.20	29	30	30
Edper Group	23.05	22.80	23	23
EuroNev Mng	42½	41.30	42	41¼
Fairfax Finl	403	400	400	398
Falconbridge	27¼	27.05	27.20	27
Fletcher Chall A	23⅛	23	23	23.10
Franco Nevada	69¾	68.80	68.80	69.20
Gulf Cda Res	11.30	11.20	11.30	11¼
Imperial Oil	70¾	70.40	70.70	70.70
Inco	42.05	41.20	41¼	41.90
IPL Energy	46	45.60	46	45.55
Laidlaw B	19.10	18.90	19	19.05
Loewen Group	47.60	47.10	47.60	47
Macmill Bldl	19	18.80	19	18.85
Magna Intl A	82.85	81¼	82.85	81.70
Methanex	12¾	12.65	12.65	12.60
Moore	27.85	27.20	27.35	27.35
Newbridge Net	59.85	59.20	59.80	59.30
Noranda Inc	29.80	29½	29.70	29¾
Norcen Energy	33¼	32¼	32¾	32.60
Nthern Telecom	122.40	121½	121½	122.20
Nova	11.85	11.65	11¾	11.70
Onex	27¼	27¼	27¼	27¼
Pancdn Petlm	29	29	29	28¾
Petro Cda	22.70	22.40	22½	22½
Placer Dome	22.45	22	22.10	22.45
Poco Petlm	14.10	13.95	14.05	13.90
Potash Sask	104	102¾	103.40	103
Renaissance	38¼	37½	37.70	37.90
Rio Algom	33½	32.80	33¼	33¼
Rogers Cantel B	26.35	26.35	26.35	26.35
Seagram Co	55.40	54.40	55.15	55.20
Shell Cda A	21¼	20.80	21	21
Suncor	37.15	36.45	36.70	37.05
Talisman Eny	42.90	42.30	42½	42.35
Teck B	28.15	27.80	27.85	27.90
Teleglobe	53½	52.30	53½	52.30
Telus	25.10	24.70	25.10	25
Thomson	32.20	31¾	32.10	32
TorDom Bank	41.80	40.95	40.95	41.60
Transalta	16.45	16.30	16.40	16¼
TransCda Pipe	27.65	27.40	27.60	27.55
Trimark Finl	61⅛	60.05	61.30	60.45
Trizec Hahn	29⅛	29.55	29.55	29.80
TVX Gold	7.35	7.20	7.30	7.30
Westcoast Eny	25.35	25	25¼	25¼
Weston	89	87½	89	87

Vienna — ATX index: 1309.78 / Previous: 1295.84

	High	Low	Close	Prev.
Boehler-Uddeh	951	935	951	938
Creditanst Pfd	495	489.50	493	488.65
EA-Generali	3225	3155	3225	3160
EVN	1620	1570	1580	1607
Flughafen Wien	520	513	520	510
OMV	1576.40	1550.10	1570.90	1556
Oest Elektriz	868	851.50	863.75	854.50
VA Stahl	570	555	555.50	560
VA Tech	2244.25	2207	2244.25	2193.70
Wienerberg Bau	2522.50	2495	2519	2508.95

Wellington — NZSE-40 index: 2501.96 / Previous: 2443.22

	High	Low	Close	Prev.
Air N Zealnd B	4.50	4.47	4.50	4.50
Brierly Invt	1.45	1.40	1.44	1.40
Carter Holt ord	3.81	3.67	3.81	3.68
Fletch Ch Bldg	4.43	4.35	4.43	4.43
Fletch Ch Eny	4.50	4.37	4.45	4.45
Fletch Ch Forst	2.14	2.11	2.14	2.12
Fletch Ch Paper	3.57	3.49	3.57	3.57
Lion Nathan	3.74	3.72	3.73	3.71
Telecom NZ	7.52	7.22	7.50	7.30
Wilson Horton	11.65	11.60	11.60	11.70

Zurich — SPI index: 3548.37 / Previous: 3590.81

	High	Low	Close	Prev.
ABB B	2256	2196	2210	2220
Adecco B	574	550	560	585
Alusuisse R	1534	1503	1512	1500
Ares-Serono B	2125	2100	2115	2110
Alel R	880	870	880	870
Baer Hdg B	2268	2220	2235	2260
Baloise Hdg R	3530	3430	3480	3510
BK Vision	1203	1190	1190	1197
Ciba Spec Chem	137.50	133.50	135	135.75
Clariant R	951	940	945	940
Crd Suisse Gp R	197.50	187.50	187.50	196
Elektrowatt B	541	540	541	540
Ems-Chemie	6515	6370	6500	6420
ESEC Hdg	4790	4460	4790	4800
Holderbank B	1398	1367	1379	1394
Liechtenst LB B	555	552	552	552
Nestlé R	1959	1921	1926	1940
Novartis R	2374	2311	2334	2343
Oerlikon Bueh R	172.75	169	171	172.25
Pargesa Hld B	1940	1890	1940	1925
PharmVisn B	845	838	835	834
Richemont A	2170	2105	2110	2064
Pirelli PC	288	284	285	288
Roche Hdg PC	13535	13115	13205	13430
SBC R	399	385	390.50	395.50
Schindler PC	1849	1820	1825	1850
SGS B	3175	3020	3120	3160
SMH B	852	815	834	849
Sulzer R	1265	1240	1250	1272
Swiss Reins R	2109	2060	2065	2090
Swissair R	1680	1620	1636	1645
UBS B	1694	1655	1670	1676
Winterthur R	1299	1282	1286	1295
Zurich Assur R	605	581	581	600

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	174.79	-1.90	-1.08	+17.20
Regional Indexes				
Asia/Pacific	133.34	+1.09	+0.82	+8.03
Europe	179.32	-4.51	-2.45	+11.24
N. America	202.39	-1.12	-0.55	+25.00
S. America	171.37	-1.85	-1.07	+49.76
Industrial Indexes				
Capital goods	216.94	-1.07	-0.49	+26.92
Consumer goods	196.77	-1.39	-0.70	+21.89
Energy	191.33	-16.43	-7.91	+12.08
Finance	133.11	-0.48	-0.36	+14.30
Miscellaneous	177.00	-0.45	-0.25	+9.41
Raw Materials	187.42	-0.17	-0.09	+6.87
Service	164.18	-1.14	-0.69	+19.55
Utilities	172.69	+17.85	+11.53	+20.38

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

See our Business Opportunities every Wednesday in The Intermarket

NYSE

Monday's 4 P.M. Close

Nationwide prices not reflecting late trades elsewhere.

The Associated Press.

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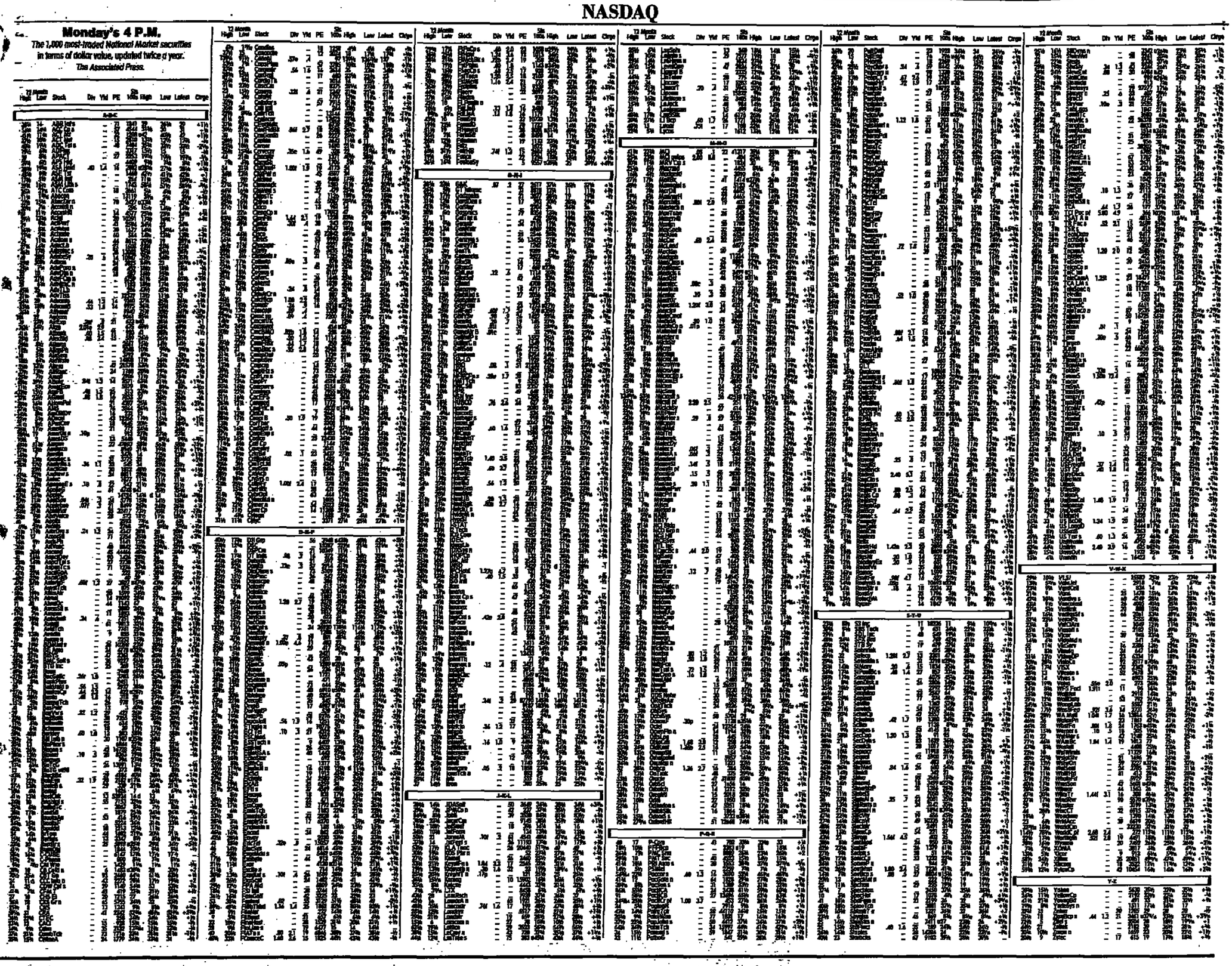
Continued on Page 19

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NASDAQ

Monday's 4 P.M.

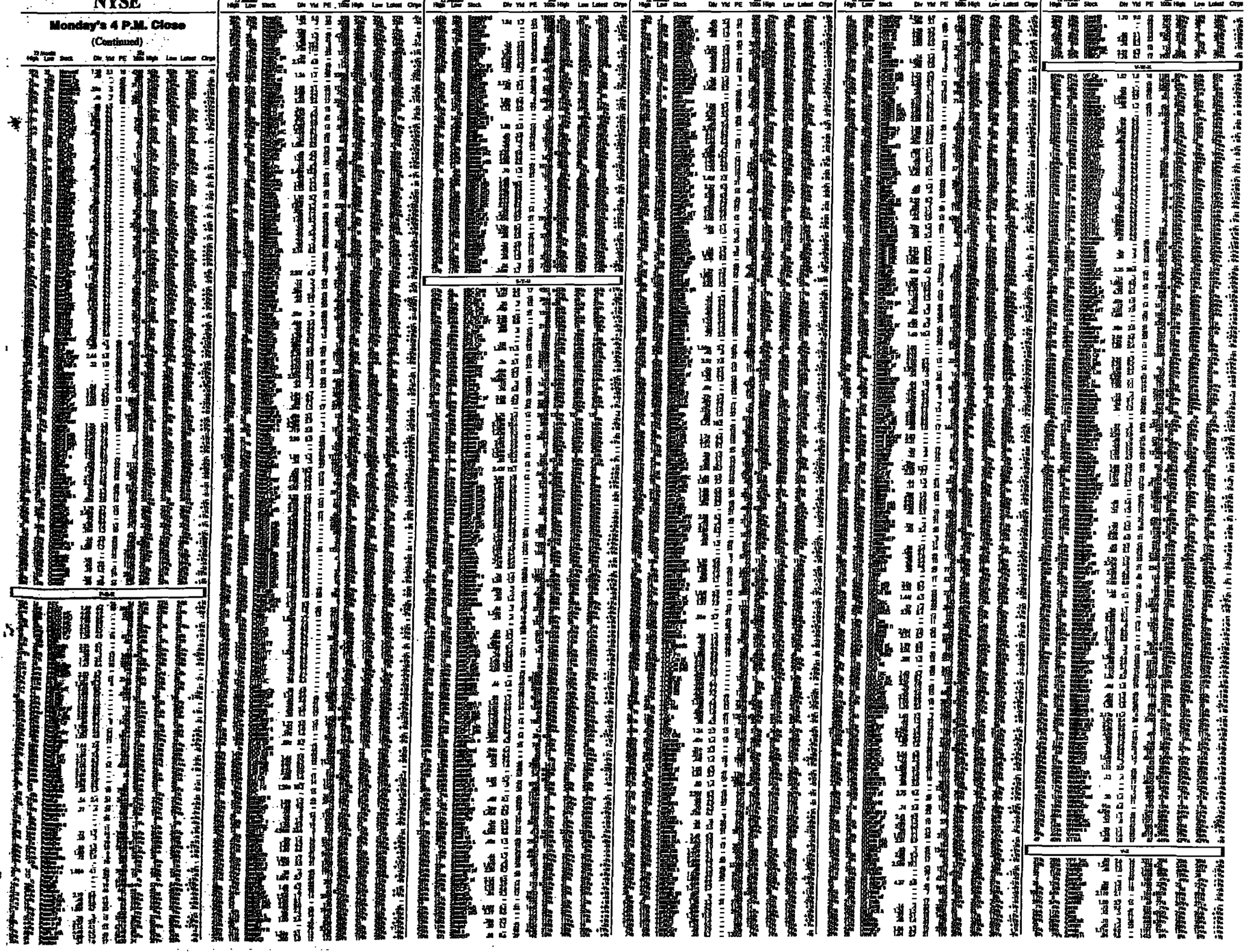
The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.



NYSE

Monday's 4 P.M. Close

(Continued)



Merrill Fires Stockbroker In Singapore; Charges Filed

Compiled by Our Staff From Dispatches

SINGAPORE — Merrill Lynch & Co. said Monday it had fired one of its top private-banking stockbrokers and filed fraud charges against him in Singapore and Hong Kong.

Kevin Wallace, an American, was dismissed May 15, and Merrill Lynch said it had filed for an injunction to prevent him from selling any property or assets.

Singapore media reported Sunday that Mr. Wallace had left Singapore along with his wife, but his three children remained behind with a maid.

A company spokesman, Robert Grieves, said Merrill Lynch thought Mr. Wallace had gone to Hong Kong but could not confirm that.

Another spokesman would not comment on reports that the fraud could cost Merrill Lynch as much as $30 million.

In its claim, Merrill Lynch alleged that Mr. Wallace had engaged in unauthorized trading by misrepresenting or falsifying the clients' signatures. He was fired from his Singapore post as a private-client financial consultant on May 15. Merrill Lynch filed civil charges against Mr. Wallace in Singapore and Hong Kong on Friday, as well as a criminal complaint in Singapore.

Mr. Wallace, one of the firm's top producers of commission revenue, worked for wealthy clients around the region, many of them ethnic-Chinese Indonesians. Merrill Lynch is one of the largest private bankers in the securities industry.

(A.P. Bloomberg)

3 More Japan Firms Linked to Payoffs

Bloomberg News

TOKYO — Three Japanese brokerages paid off the same man who has been arrested on charges of blackmailing Nomura Securities Co., the man's brother said Monday, according to a lawyer representing the two.

The brother said Daiwa Securities Co., Nikko Securities Co. and Yamaichi Securities Co. funneled money through illegal accounts held in other people's names to Ryuichi Koike, according to the lawyer, who spoke on condition he not be identified.

The lawyer said Mr. Koike's brother, Yoshinori, who has also been arrested in the Nomura scandal, told him Monday that the other brokerages were involved.

Officials for the three brokerages declined to comment on the accusation. Spokesmen for the Tokyo Public Prosecutors Office and the Securities and Exchange Surveillance Commission, the Japanese brokerage industry watchdog, also refused to comment.

Nomura, Japan's largest brokerage, is being investigated by prosecutors on charges of paying more than $400,000 to Ryuichi Koike to remain silent in 1995 when Nomura reinstated to the board the president and chairman, both of whom had earlier resigned in disgrace.

Mr. Koike has said he is a *sokaiya*, a person who extorts money from companies by threatening to disrupt shareholders meetings or otherwise expose corporate misdeeds. Payoffs to sokaiya have been illegal since 1983, but many companies have found it hard to halt the practice.

Meanwhile, Tokyo prosecutors indicted four former directors of Dai-Ichi Kangyo Bank Ltd., saying they paid off Mr. Koike by lending him 8.8 billion yen ($77.6 million) from 1994 until last year.

Four other bank executives were charged in the case last week.

A former president and chairman of the bank, Kuniji Miyazaki, committed suicide Sunday after prosecutors questioned him about the loans.

Mr. Koike is said to have used some of the money the bank lent him to buy 300,000 shares in Nomura, where, as a large shareholder, he had access to top management.

In the wake of the investigation, both Dai-Ichi Kangyo and Nomura are continuing to lose customers. Sony Corp. said Monday that it would not do new business with either indefinitely. Both had sold bonds for Sony.

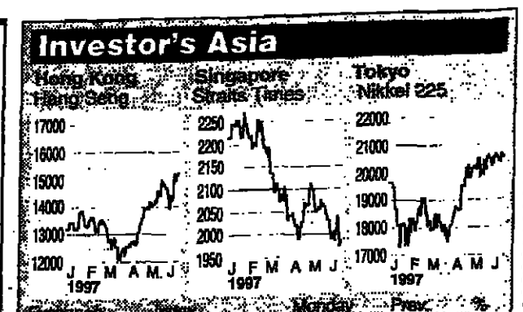
Analysts said the loss of business could force both of the companies to post a loss for the year ending March.

All the news sent brokerage shares into a tailspin. They were the worst-performing group on the first section of the Tokyo Stock Exchange, falling 2 percent. Nikko tumbled 49 yen to 705, Daiwa retreated 45 yen to 904 and Yamaichi dropped 10 yen to 341. But Nomura rose 10 yen to 1,580, probably, analysts said, because its competitors are now sharing the heat of the scandal.

"What we're talking about is Japan's three largest securities companies caught seemingly red-handed, now with a confession, breaking the law in a very open and defiant fashion," said David Threadgold, financial analyst for BZW Securities (Japan) Ltd. in response to reports about Daiwa, Nikko and Nomura. "That is clearly not good for the market."

Yoshinori Koike said that Daiwa, Nikko and Yamaichi all had made discretionary trades on his brother's behalf, the lawyer said. Ryuichi Koike himself did not make such an admission, the lawyer added, contradicting earlier press reports that he had.

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	Closed	15,196.79	
Singapore	Straits Times	1,987.95	1,974.37	+0.69
Sydney	All Ordinaries	2,725.90	2,702.40	+0.87
Tokyo	Nikkei 225	20,688.96	20,828.76	+0.40
Kuala Lumpur	Composite	1,077.30	1,070.06	+0.68
Bangkok	SET	527.28	528.16	-0.17
Jakarta	Composite Index	745.40	746.89	-0.20
Taipei	Stock Market Index	9,030.28	9,024.48	+0.06
Manila	PSE	2,609.21	2,635.03	-0.91
Jakarta	Composite Index	724.56	716.63	+1.08
Wellington	NZSE-40	2,501.96	2,443.22	+2.40
Bombay	Sensitive Index	4,256.69	4,138.24	+2.97

Source: Telekurs International Herald Tribune

Japan PC Firms Gear Up to Gain Market Share

Reuters

TOKYO — Japanese personal computer manufacturers said Monday that they would increase production in an effort to grab a larger share of the booming worldwide market.

Toshiba Corp. and NEC Corp., already big market players, said they would seek to raise sales, and Fujitsu Ltd. and Sony Corp. said they would make a big push to gain market share.

The global personal computer market is expected to grow by 18 percent, to 83 million units, in the year ending March, said Mami Indo, an analyst at Daiwa Institute of Research Ltd., while the Japanese market should see year-on-year growth of 25 percent, to 9 million units.

Toshiba was the only Japanese computer company in the top five for worldwide sales in the first quarter of this calendar year, with less than 5 percent of the market. The leader, Compaq Computer Corp. of the United States, had 11.1 percent of the market.

NEC said it would invest an additional $285 million in Packard Bell-NEC, bringing its investment in the American company to $1.04 billion.

Sony, known for its audiovisual products but not for computers, said its overseas strategy would center on making computers that can be combined easily with its other consumer electronics.

"We plan to produce PCs for home use," a spokesman said. "Our aim is to make computers that can be easily connected to other electronic equipment, such as digital movies and still cameras."

Toshiba, the world's top seller of portable computers, said it would increase its output to 4 million units in the year that ends March 31, up nearly 50 percent from the previous year, with the additional supply of motherboards coming from a new plant in the Philippines.

NEC, which dominates the Japanese personal computer market with a 40 percent share, said it would raise domestic production by about 15 percent, to more than 4 million units.

Fujitsu, with about 25 percent of the Japanese personal computer market, said it would increase worldwide output by 35 percent, to 3.8 million units.

Very briefly:

- **Sara Lee Corp.** acquired **Nutri-Metrics International**, an Australian manufacturer and direct retailer of skin-care and beauty products, for an undisclosed amount.
- **South Korea's** benchmark stock index fell 0.94 percent, to 745.40, after the bankruptcies of two companies Saturday raised fears that other companies might be on the verge of collapse.
- **Japan Development Bank**, a state-owned financial institution, may be disbanded in 1999 as part of Japan's administrative reforms, officials said.
- **Singapore Airlines Ltd.** said it would sign a joint-venture agreement Tuesday but declined to give further details, citing Stock Exchange of Singapore regulations.
- **Thailand** will shut down no more finance companies beyond the 16 it closed last week, the Finance Ministry said, adding that the rest of industry is sound.
- **New Zealand's** gross domestic product fell a greater-than-expected 0.5 percent in the quarter ended March, the first drop in growth in almost five years. *Bloomberg, AFX, AFP*

Romania Investment Summit

Athenée Palace Bucharest Hilton, October 29-30, 1997

Romania is increasingly attracting the attention of the international investment community. To assess future investment potential and to highlight the reforms Romania is putting in place in a bid to position itself as one of the more exciting investment opportunities in the world, the International Herald Tribune will convene a major investment summit in Bucharest on October 29-30, 1997.

President Emil Constantinescu will give the opening keynote address of the Romania Investment Summit. He will also host a special dinner for speakers, delegates and guests on the evening of October 29 at Cotroceni Palace.

The fact that President Constantinescu has agreed to support this summit as an integral part of the Romanian government's efforts to attract foreign investment is a measure of the importance of the summit.

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THE WORLD'S DAILY NEWSPAPER

GM Plans Push in Philippines

Carmaker to Import 2 Models to Lift Sales in Region

Bloomberg News

MANILA — General Motors Corp. said Monday it would return to the Philippines after an 11-year absence as part of a drive to tap the Asia-Pacific market.

The world's largest carmaker plans to import its Vectra and Omega vehicles, the top-selling brands of its European subsidiary, Adam Opel AG. GM will import the two models, in four-door sedan and station-wagon styles, from Germany.

"There is no doubt that the positive economic environment in the Philippines and the projected growth in the industry offer excellent opportunities for new entries into this market," said Tom Anliker, president and general manager for General Motors Automobiles Philippines.

Higher incomes, spawned by accelerating economic growth, and easier access to credit are expected to fuel growth in the Philippine auto market.

The Philippines' auto market is about one-quarter the size of Thailand's, where GM is building a $750 million factory. Filipinos bought 90,000 passenger cars in 1996, out of a total of 162,095 vehicles sold. GM forecasts vehicle sales of about 400,000 units a year by 2007.

"If General Motors wants to remain the No. 1 automaker into the next century," said John Smith, GM's chairman, chief executive and president, "it had better emerge as a strong, active presence in Asia."

The automaker withdrew from the Philippines in 1986 amid political uncertainty and an economic recession. GM said it chose to reenter with the Opel brand because of its good reception in Japan, where the market is considered very competitive.

The company said it expected total vehicle sales in the Asia-Pacific region to increase to 19.5 million units by 2006 from 13.3 million units. GM forecast Opel sales of 75,000 units in the Asia-Pacific region last year would triple to more than 200,000 units by the end of the decade.

Meanwhile, Volkswagen AG, Europe's largest carmaker, said it would expand its sales network in Asia and the South Pacific to sustain what it forecast would be a 13 percent increase in sales this year.

Robert Buechelhofer, VW's management-board member for sales and marketing, said he expected deliveries of VW cars in the region to reach just under 380,000 cars from 334,884 in 1996.

San Miguel Cuts Prices

Bloomberg News

MANILA — San Miguel Corp. cut its beer prices Monday by as much as 14 percent to increase sales, a move analysts said might delay an improvement in earnings for another year.

Analysts said the price cut was acknowledgment that San Miguel's 10.5 percent price increase in March had ceded a larger market share to the rival Asia Brewery Inc.

San Miguel's B shares fell 3 pesos, to 69.50 ($2.63).

WEB: *Let the Internet Regulate Itself, U.S. Says*

Continued from Page 15

Internet. The document advocates that other governments adopt a similar approach toward taxes and content regulations in an effort to make electronic transactions across national borders as seamless as those that occur now across state lines.

The administration this summer is expected to petition the World Trade Organization to classify the Internet as a tariff-free zone for the sale of electronic goods and services, such as software that is purchased on-line.

Those positions, particularly on content regulations, will probably be ignored by several countries, such as China and Singapore, which limit Internet transmissions across their borders.

The administration's position on new domestic Internet taxes does not mean the network will turn into a tax-free environment. Sales taxes levied by states would still apply to goods purchased over the Internet.

But the administration's position may set the stage for a battle with state and local officials, some of whom have advocated special taxes on Internet access and transactions over the network.

Some of those governments contend that the new taxes on Internet commerce are necessary to offset losses in some types of sales and excise taxes as more transactions are handled electronically.

After unveiling the report Tuesday, Mr. Clinton will set up a commission, to be led by Vice President Al Gore, that will oversee putting the document's recommendations in place, officials said.

The new policy was praised by several industry leaders who have seen draft versions of the report. "It's great," said Esther Dyson, president of EDventure Holdings, a New York consulting firm. "The government should leave the Internet to manage itself."

Despite the support for industry self-regulation, the administration plans to take an active role in two areas: children's privacy rights on the Internet and the export of data-scrambling technologies.

The report calls for giving companies and advocacy groups a chance to devise ways to control the collection of information such as names, addresses and telephone numbers from children. If the industry does not act, the report says, the government should take action.

The report urges continued government controls on the export of software with strong encryption, or information scrambling, technology. Law enforcement and national security officials have argued that the widespread use of powerful encryption technologies could cripple their efforts to gather evidence against criminals.

That position, which has been clear in the report's initial drafts, has drawn criticism from industry groups, which want the export rules relaxed.

"The no-new-taxes and regulation pledge are music to the industry's ears," said Diane Smiroldo, a spokeswoman for the Business Software Alliance, a Washington-based trade group. "But the way the report treats encryption poses serious problems for us."

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Liquidation proceeds not collected by the shareholders will be transferred to the Caisse des Consignations to be held for the benefit of the persons entitled thereto.

The records of the Company are deposited at the registered office of the Company for a period of 5 years.

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INTERNATIONAL FUNDS

July 30, 1997

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WORLD ROUNDUP

Norman Conquest

GOLF Greg Norman birdied the last three holes to win the $1.5 million St. Jude Classic in Memphis, Tennessee.

Norman edged Dudley Hart by one stroke with a 30-foot putt on No. 18 on Sunday.

The tournament was plagued by rain delays. Norman played the last 15 holes of his third round Sunday morning. After an hour's rest, he shot a 5-under 66 final round to finish at 16-under 268, a stroke ahead of Hart.

• Graham Marsh gained the first major title of his 28-year career Sunday, winning the U.S. Senior Open at Olympia Fields, Illinois. He beat John Bland of South Africa by one stroke when Bland bogeyed the final hole. Marsh shot an even-par 280 total for 72 holes to earn $232,000, the biggest payday of his career. *(AP)*



AP

Greg Norman celebrating his 18th-hole birdie and victory.

B

...beat Linford Christie in a 150-meter race in Sheffield, England, collecting the winner-take-all prize of $82,500. Bailey, the 100-meter Olympic champion ran 15.01 seconds into a headwind. Christie, the 1992 Olympic champion, finished third, behind another Briton, Ian Mackie on Sunday. *(AP)*

Quite a Mouthful...

Headlines on Mike Tyson's brief bout with Evander Holyfield:

"A Bad Bite for Boxing" — The News & Observer of Raleigh.

"Bite of the Century!" — Arizona Republic.

"Tyson's Tasteless Tactics: Bite Night" — Record of Hackensack.

"Did Tyson Bite Off More Than He Can Chew?" — Salt Lake Tribune.

"Tyson Bites the Dust, Holyfield" — Huntsville (Alabama) Times.

"A Two-Bit Bout: Holyfield Wins" — Kansas City Star.

"World Chomp" — The Sun (London).

"Sucker Munch" — The Sun.

"Biting Back: Evander Has Public's Ear" N.Y. Daily News

"Toss Tyson Out on Ear" — N.Y. Daily News.

"Tyson's Behavior Hard to Swallow" — Providence Journal-Bulletin.

"Dracula" — New York Post.

"Champ Chewing Over Legal Options" — New York Post.

"Now Ear This: Rematch is Possible" — New York Post.

"Pay Per Chew" — Philadelphia Daily News.

"Tyson Scars Face of Boxing" — The Guardian (London).

Tyson Couldn't Win, So He Copped Out

By Tim Kawakami
Los Angeles Times

LAS VEGAS — Mike Tyson turned 31 on Monday, and he has never seemed older, sadder, less relevant or more disqualified from greatness.

No, he won't vanish into the mist after Saturday's biting defeat, a third-round disqualification loss to Evander Holyfield. He'll still be around to brawl and bite and perhaps bay at the moon if that is where his mood takes him.

But, 11 years since becoming the youngest heavyweight champion, his days as boxing's most intriguing, sometimes most devastating, always most menacing man are over, culminating, fittingly, not with an exchange of punches but a timely gnashing of his teeth. And a surrender.

Tyson will fight for relatively big money, he will do interviews, he will still be surrounded by the hyenas he calls friends. But the mystique and mystery is gone. He has proven beyond doubt what he is, and what he always will be: An immature, insecure basket case, for whom the rules of boxing and decency hold no bounds.

In the biggest fight of his life, Mike Tyson capitulated in the ring. Historically significant fighters aren't supposed to yield, even in defeat.

Tyson, whose past is littered with easy victories over scared fighters, submitted with a show of farce, moments after referee Mills Lane told him that if he bit Holyfield again he would halt the bout. "He wanted a way out," said Don Turner, the trainer for Evander Holyfield, whose right ear will forever miss a chunk after the biting incident. "And Tyson found it.

All this only justifies the most telling charges against Tyson by some who know him best: that he is a street thug [illegible] machine, a nerv[illegible] school [illegible] who never fought a fig[illegible] him b[illegible]

"Tyson planned [illegible] Atlas, who worked with Tyson when he was a teenager and who went on record late last week predicting that Tyson would lose by disqualification.

"I knew it would happen because Holyfield is just too much man for this guy. This guy all his life has found ways to get out. It's the opposite of the tough guy he pretends to be. And it's the antithesis of the man who beat him, Holyfield, who has spent his whole life finding ways to stand up and face whatever was in front of him."

At his best, in his early 20s, Tyson simply showed up and devastated opponents unprepared or unwilling to deal with his awesome hand speed — Michael Spinks, Tyrell Biggs, Trevor Berbick.

As he moved into the 1990s with confusion in his personal and business lives, he got flattened by Buster Douglas — the only talented big man he ever faced, since he never fought Riddick Bowe, Lennox Lewis or George Foreman — and struggled with Razor Ruddock.

In his post-jail career, Tyson took advantage of the weakness of the current crop of heavyweights — Frank Bruno? Buster Mathis Jr.? — while Holyfield went to war with Bowe for the third time.

Pointedly, Tyson only took the first Holyfield fight last November because he thought Holyfield was done. But after that 11th-round knockout, and two more rounds Saturday night, Tyson knew he could not stand up to Holyfield.

"I thought it was interesting that when he should've been throwing punches, he chose to bite Evander," said Jim Thomas, Holyfield's lawyer, who was one of the 30 or so people caught in the ring melee after the fight when Tyson charged toward Holyfield.

"And then when there's 25 people in the ring holding him back, that's when he wants to start throwing punches."

Remember that Tyson came out for the third round without his mouthpiece, Thomas said, and consider the circumstances of the bites. "Mike Tyson had to get out of it somehow," Thomas said. "And there was only one way without being knocked out. Tyson fought the first two rounds with his mouthpiece in place, and he lost both rounds on all the judges' cards. In the third round, he came out without his mouthpiece. [illegible] pretty interesting."

■ Boxing Commission to Meet

A Nevada boxing commission is scheduled to meet Tuesday to consider suspending Tyson from boxing and fining him, The Associated Press reported from Las Vegas. The maximum fine allowed under Nevada state law is 10 percent of the purse. In this case, that would be $3 million.

Surgery Will Sideline Holyfield

By Sally Squires
Washington Post Service

The damage caused when Mike Tyson bit a chunk of skin and cartilage out of Evander Holyfield's right ear will sideline the heavyweight boxing champion for about six weeks and then probably will require reconstructive surgery that will keep him out several more months, according to the plastic surgeon who treated Holyfield.

In a telephone interview, a Las Vegas plastic surgeon, Julio Garcia, said he spent 45 minutes Saturday night closing Holyfield's ear with about 15 stitches, which he called "a pretty straightforward" procedure.

Holyfield was treated in the operating room at Valley Hospital under local anesthesia, and received intravenous antibiotics to prevent infection and a prescription for oral antibiotics to take when he goes home to Atlanta.

Reconstructive surgery involving a cartilage graft from Holyfield's intact left ear will need to be done to finish repairing the one-inch-by-one-half-inch piece that Tyson ripped from Holyfield's right ear. "It was a fairly significant bite," Garcia said.

An employee of the MGM Grand Hotel found some of Holyfield's skin in the ring and rushed it to the hospital on ice. "But by the time it came in, it was not viable," Garcia said. "And they couldn't find the cartilage, so rather than taking the chance of the skin not closing, we just stitched it up."

Professional bouts won't be possible for about two to three months, Garcia said, because of the danger of further damage to the wound. If Holyfield opts for reconstructive surgery, it will be another month or two after that surgery before he can return to the ring.

Holyfield has been vaccinated against hepatitis B, a viral infection that attacks the liver, but doctors still tested his blood to be sure that he was protected against the virus and found that he indeed was. "The biggest worry is infection," Garcia said.

Human saliva contains a wide variety of potentially dangerous bacteria and viruses that can cause long-term, chronic illness and could complicate Holyfield's recovery.

The risk of contracting something such as HIV, the virus that causes AIDS, from a human bite is infinitesimal, according to the U.S. Center for Disease Prevention and Control in Atlanta. There is no evidence that Tyson has tested positive for HIV or for any other blood-borne disease.

Both Tyson and Holyfield would have been tested for AIDS before Saturday night's fight in accordance with Nevada state boxing laws.



Jacques Demarthon/Agence France-Presse

Sandrine Testud reaching for the ball Monday during her three-set victory over Monica Seles.

Contenders Reclaim Centre Court

By Ian Thomsen
International Herald Tribune

WIMBLEDON, England — Pete Sampras, Boris Becker, Yevgeni Kavelnikov, even Jana Novotna — the contenders moved back into the Wimbledon foreground Monday as if reclaiming a house that had been rented out for a week. They were a little disappointed with what they found.

"I've never seen Centre Court so chopped up," Sampras said of his first match on Centre Court this year, in a tournament thus far dominated by the weather and two British men. "In the middle of the court there was no grass."

"I must say that the Centre Court is really badly damaged," added No. 3 Jana Novotna, who reached the fourth round to find that she was even closer to her first Grand Slam title because of an upset to the No. 2 seed, Monica Seles.

On another gloomy, cold day, Seles was beaten by the outrageous score of 0-6, 6-4, 8-6, by the world No. 23, Sandrine Testud of France. Seles was nothing like the 18-year-old girl who lost the Wimbledon final to Steffi Graf five years ago. At that tournament her opponents complained about her grunts during play, looking to distract or annoy her, but no one makes any such complaints anymore.

She seems neither as confident nor as dedicated — but then who would be, with her father sick with cancer, her comeback to the game adrift. On People's Sunday, when Centre Court was filled with 13,000 strangers, most of them cheering on Seles, her private box in the stands was empty. This for the teenager who used to giggle and talk as quickly as a drunk pianist's fingers. On Monday, the 23-year-old Seles spoke slowly and said more with fewer words. Someone asked whether she saw herself as a person with two lives — the first separated from the second by a knife.

"I just think it's a transition," she said. "Five years from now may be

WIMBLEDON

different. I just always try to be in the present, and hopefully try to do some things that can help for the future."

On small Court No. 3, Seles won the first seven games, and in the final set she held a 5-2 lead. In the ninth game, the umpire overruled a call to give Testud an advantage of love-30. "I shouldn't have let it bother me that much," Seles said of the umpire's decision. It set Testud on a run of six games from the last seven, defeating Seles's only match point along the way.

Testud's coach is also her boyfriend. In the last two years she has taken off as much weight as Seles has put on.

What was her secret? "Love," said Testud.

Each of the 16 surviving ladies is seeking her first Wimbledon title. None have come closer to it than Novotna, who was five points away from upsetting Steffi Graf in 1993. Now 28, Novotna must win before the next generation drives her away.

"For the moment it is like in the middle of a change," Novotna said after her 6-4, 6-2 victory over Gala Leon Garcia. "Hopefully by the time the older generation has retired, the young ones will be good and they will develop a personality."

In the meantime, Novotna senses her advantage. "Just from looking around to see what players eat," she said, "and how they take care of themselves, I don't think they're doing it in a professional way."

No. 1 Sampras and No. 8 Becker have reached the round of 16 without losing a set. The American champion advanced with a 6-1, 6-2, 6-2 victory over Byron Black of Zimbabwe, while Becker beat Mark Petchey of Britain, 6-3, 6-3, 6-2. Sampras and Becker are scheduled to meet in a sensational quarterfinal, though Becker must first have an interesting fourth-rounder against No. 9 Marcelo Rios, the Chilean clay-courter.

"I strongly disagree that it's a young man's championship," said Becker, 29, who is seeking his first Wimbledon title since 1989. "You need to be very, very patient. Your nerves have to be excellent. Obviously, you need to know how to play on a grass court."

No. 3 Kafelnikov had a difficult third-round match against Jason Stoltenberg of Australia, but overcame him by 6-3, 7-6 (7-4), 4-6, 6-3. No. 13 Andrei Medvedev was upset by Nicolas Kiefer of Germany 6-4, 6-2, 6-7 (2-7), 6-4.

The dark horse in the top half of the draw is No. 12 Patrick Rafter, who reached the French Open semifinal in spite of his serve-and-volley game. Rafter beat Christophe Van Garsse of Belgium by 7-5, 6-4, 4-6, 6-3.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	50	27	.649	—
New York	45	33	.577	5½
Toronto	37	39	.487	12½
Boston	36	43	.456	15
Detroit	35	42	.455	15
CENTRAL DIVISION				
Cleveland	39	35	.527	—
Chicago	40	38	.513	1
Milwaukee	37	39	.487	3
Kansas City	36	40	.474	4
Minnesota	35	43	.449	6
WEST DIVISION				
Seattle	47	33	.588	—
Anaheim	41	38	.519	5½
Texas	38	40	.487	8
Oakland	34	48	.415	14

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	52	28	.650	—
Florida	47	32	.595	4½
New York	45	34	.570	6½
Montreal	44	35	.557	7½
Philadelphia	23	55	.295	28
CENTRAL DIVISION				
Houston	40	41	.494	—
St. Louis	38	41	.481	1
Pittsburgh	36	43	.456	3
Cincinnati	33	46	.418	6
Chicago	31	49	.388	8½
WEST DIVISION				
San Francisco	46	34	.575	—
Colorado	42	39	.519	4½
Los Angeles	39	41	.488	7
San Diego	35	45	.438	11

SUNDAY'S LINESCORES

AMERICAN LEAGUE

Detroit	005	000	100	—6	13	0
Boston	402	000	20x	—8	9	1

Olivares, Bautista (7), M. Myers (7), Miceli (7) and B. Johnson; Suppan, B. Henry (4), Wasdin (7), Slocumb (8) and Haselman. Hatteberg (4). W—Wasdin, 3-3. L—Bautista, 1-2. Sv—Slocumb (11).

Toronto	001	000	110	—3	7	1
Baltimore	100	100	000	—2	5	2

Guzman, Escobar (4), Plesac (8), Timlin (9) and O'Brien; Boskie, A.Benitez (8), Rhodes (8), Mills (9) and Loker. W—Escobar, 1-0. L—A. Benitez, 0-3. Sv—Timlin (9).

Milwaukee	100	000	002	—3	12	0
Kansas City	020	000	000	—2	10	1

Karl, Villone (7), Wickman (8), Da.Jones (9) and Matheny, Stinnett (9); Pittsley, Cassian (8), J. Montgomery (9), Pichardo (9) and Mackanin. W—Wickman, 5-3. L—J. Montgomery, 0-3. Sv—Da.Jones (19).

Cleveland	151	000	030	—10	13	0
New York	303	220	01x	—11	15	1

Jacome, Kline (4), Mesa (7), Assenmacher (8), M. Jackson (8) and S.Alomar; Cone, Nelson (6), Stanton (8), M. Rivera (8) and Girardi. W—M. Rivera, 2-2. L—Mesa, 0-4. HRs—Cleveland, Ma.Williams (18), Giles (7). New York, T. Martinez (26), Hayes (6).

Chicago	032	100	000	—6	11	2
Minnesota	103	000	000	—4	9	1

Alvarez, Karchner (6), R. Hernandez (9) and Fabregas; D.Stevens, Fr.Rodriguez (4), Guardado (8), Aguilera (9) and G. Myers. W—Alvarez, 7-6. L—D. Stevens, 0-2. Sv—R. Hernandez (19). HR—Chic., Da.Martinez (10).

Anaheim	001	000	100	—2	6	0
Seattle	100	001	001	—3	6	2

D.Springer, DeLucia (9) and Kreuter; Re.Johnson, Charlton (9), Ayala (9) and Da.Wilson. W—Ayala, 5-2. L—DeLucia, 6-3. HRs—Seattle, Sorrento (14), Cruz Jr (6).

Texas	101	110	100	—5	10	2
Oakland	010	100	05x	—7	11	0

K.Hill, X. Hernandez (8), Wetteland (8) and I. Rodriguez; Karsay, C.Reyes (6), Taylor (9), Groom (9) and Mayne, Ge.Williams (9). W—C. Reyes, 3-0. L—X. Hernandez, 0-2. Sv—Groom (22). HRs—Tex., Greer (11), Ju. Gonzalez (17). Oak., Stairs (12), McGwire (29).

NATIONAL LEAGUE

Philadelphia	001	022	000	—5	10	1
Atlanta	000	005	10x	—6	7	2

Ruffcorn, Blazier (6), Brewer (7), Spradlin (7) and Parent; Brock, Borowski (6), Bielecki (7), Embree (8), Wohlers (9) and J.Lopez. W—Bielecki, 3-3. L—Brewer, 0-1. Sv—Wohlers (17). HR—Atlanta, Lockhart (3).

New York	010	000	342	—10	2	1
Pittsburgh	202	001	101	—8	5	1

R.Reed, Lidle (4), R. Jordan (7), McMichael (8), Ja.Franco (9) and Hundley; F.Cordova, Peters (8), Loiselle (8), Christiansen (9) and Kendall, Osik (8). W—R. Jordan, 1-2. L—Peters, 2-2. Sv—Ja.Franco (19). HRs—New York, Olerud 2 (13), Hundley (19), Huskey (10). M.Franco (3). Pittsburgh, A. Martin (7), K.Young (7).

Houston	000	160	039	—10	17	3
Chicago	000	040	021	—8	16	2

Tm.Greene, Martin (5), Minor (5), Lima (7), B. Wagner (8) and Ausmus; Mulholland, Wendell (5), T. Adams (7), Rojas (8), Patterson (9) and Servais. W—Minor, 1-0. L—Mulholland, 5-9. Sv—B. Wagner (14). HRs—Houston, De.Bell (5). Chicago, Sanchez (1), J. Hernandez (3).

San Francisco	000	212	020	—7	16	1
Colorado	000	000	211	—4	10	1

Estes, Tavarez (7), R. Rodriguez (8), D. Henry (9) and Berryhill; R.Bailey, Dipoto (7), M. Munoz (8), DeLeon (9) and Manwaring. W—Estes, 11-2. L—R. Bailey, 8-6. HRs—San Francisco, Bonds (19), Kent (15), Berryhill (1). Colorado, L. Walker (24), Pulliam (1).

San Diego	200	000	101	—4	8	1
Los Angeles	200	051	20x	—10	12	0

Dn.Jackson, Bruske (5), Bochtler (8) and Flaherty; Astacio, Te.Worrell (9) and Piazza. Prince (8). W—Astacio, 4-7. L—Dn.Jackson, 1-6. HR—Los Angeles, Karros (16).

Montreal	000	002	100	—3	6	0
Florida	400	100	00x	—5	7	0

C.Perez, Torres (7), Telford (7) and Widger; A.Leiter, Powell (7), Cook (8), Nen (9) and C. Johnson. W—A. Leiter, 7-5. L—C. Perez, 8-5. Sv—Nen (23). HR—Florida, Benitez (7).

St. Louis	102	010	010	001	—6	11	0
Cincinnati	102	001	010	000	—5	13	0

(12 innings): An.Benes, Fossas (7), T. J.Mathews (8), Frascatore (10), Eckersley (12) and Difelice, Lampkin (11); Morgan, Belinda (5), Remlinger (7), Shaw (10), Carrasco (12) and J. Oliver. W—Frascatore, 3-2. L—Carrasco, 1-2. Sv—Eckersley (16). HRs—St. Louis, Lankford (16), Clayton (6). Cincinnati, Taubensee (6), Jolliver (4).

BASKETBALL

EUROPEAN CHAMPIONSHIP

SECOND ROUND

GROUP E

Turkey 81, Israel 71

Russia 93, France 80

Greece 73, Lithuania 66

Russia 87, Israel 69

STANDINGS: Greece 4 victories; Russia 4; Lithuania 3; Turkey 2; Israel 2; France 1.

GROUP F

Yugoslavia 88, Germany 73

Italy 63, Spain 60

Poland 77, Croatia 76

Italy 67, Germany 62

STANDINGS: Italy 5 victories; Yugoslavia 3; Spain 3; Poland 2; Croatia 1; Germany 1.

CRICKET

AUSTRALIA TOUR

3-DAY MATCH

HAMPSHIRE VS AUSTRALIA

MONDAY, IN SOUTHHAMPTON, ENGLAND

Hampshire: 156 and 176

Australia: 465-8 declared.

Australia by won on innings and 133 runs.

GOLF

ST JUDE CLASSIC

Final scores Sunday at $1.5 million Fedex St. Jude Classic on 7,006-yard (6,305-meter), par-71 TPC at Southwind in Memphis, Tenn.:

Greg Norman, Australia	68-65-69-66—268
Dudley Hart, U.S.	69-68-66-66—269
Craig Parry, Australia	69-69-66-66—270
Robert Damron, U.S.	65-66-69-70—270
Justin Leonard, U.S.	66-71-65-69—271
Michael Bradley, U.S.	68-67-66-70—271
Nick Price, Zimbabwe	66-68-68-69—271
Jay Don Blake, U.S.	70-64-68-69—271
Tom Byrum, U.S.	69-69-67-67—272
Mike Hulbert, U.S.	67-67-67-71—272
Gene Sauers, U.S.	65-67-70-70—272

WORLD RANKINGS

1. Greg Norman, Australia, 10.22 points average; 2. Ernie Els, South Africa, 10.10; 3. Tiger Woods, U.S. 9.68; 4. Colin Montgomerie, Britain, 9.52; 5. Nick Price, Zimbabwe, 9.42; 6. Tom Lehman, U.S., 8.96; 7. Steve Elkington, Australia, 8.74; 8. Masashi Ozaki, Japan, 7.93; 9. Mark O'Meara, U.S. 7.53; 10. Nick Faldo, Britain, 7.07; 11. Phil Mickelson, U.S. 7.06; 12. Scott Hoch, U.S. 6.81; 13. Brad Faxon, U.S. 6.80; 14. Fred Couples, U.S. 6.79; 15. Jesper Parnevik, Sweden, 5.67; 16. Ian Woosnam, Britain, 5.43; 17. Bernhard Langer, Germany, 5.28; 18. Davis Love, U.S. 5.27; 19. Justin Leonard, U.S. 5.08; 20. Vijay Singh, Fiji, 5.02.

SOCCER

POLISH CUP FINAL

Legia Warszawa 2, GKS Katowice 0

MAJOR LEAGUE SOCCER

Tampa Bay 3, Los Angeles 2

Kansas City 4, Colorado 3

San Jose 3, Dallas 1

STANDINGS: Eastern Conference: D.C. 29, points; New England 22; Tampa Bay 22; Columbus 17; NY-NJ 13; Western Conference: Kansas City 25; Colorado 22; Dallas 18; San Jose 14; Los Angeles 10.

TENNIS

WIMBLEDON

WOMEN'S SINGLES

THIRD ROUND

Patricia Hy-Boulais, Canada, def. Magdalena Grzybowska, Poland, 6-4, 6-1; Yayuk Basuki, Indonesia, def. Naoko Kijimuta, Japan, 6-3, 6-2; Mary Joe Fernandez (11), U.S., def. Tamarine Tanasugarn, Thailand, 6-2, 6-4.

Maria Alejandra Vento, Venezuela, def. Magdalena Maleeva, Bulgaria, 6-2, 7-5; Sandrine Testud, France, def. Monica Seles (2), U.S., 0-6, 6-4, 8-6; Denisa Chladkova, Czech Republic, def. Radka Zrubakova, Slovakia, 6-7 (3-7), 6-3, 8-6.

Jana Novotna (3), Czech Republic, def. Gala Leon Garcia, Spain, 6-4, 6-2; Mary Pierce (9), France, def. Magui Serna, Spain, 6-4, 6-3; Arantxa Sanchez Vicario (8), Spain, def. Florencia Labat, Argentina, 6-1, 6-2.

Nathalie Tauziat, France, def. Judith Wiesner, Austria, 3-6, 6-3, 6-2.

MEN'S SINGLES

THIRD ROUND

Todd Woodbridge, Australia, def. Alexander Radulescu, Germany, 6-4, 6-4, 6-4; Patrick Rafter (12), Australia, def. Christophe Van Garsse, Belgium, 7-5, 6-4, 4-6, 6-3; Boris Becker (8), Germany, def. Mark Petchey, Britain, 6-3, 6-3, 6-2.

Pete Sampras (1), U.S., def. Byron Black, Zimbabwe, 6-1, 6-2, 6-2; Petr Korda (14), Czech Republic, def. Alex O'Brien, U.S., 6-3, 4-6, 6-3, 6-7 (1-7), 6-4; Marcelo Rios (9), Chile, def. John Van Lottum, Netherlands, 7-6 (7-4), 6-3, 6-7 (5-7), 6-4.

Nicolas Kiefer, Germany, def. Andrei Medvedev (13), Ukraine, 6-4, 6-2, 6-7 (2-7), 6-4; Yevgeny Kafelnikov (3), Russia, def. Jason Stoltenberg, Australia, 6-3, 7-6 (7-4), 4-6, 6-3.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BALTIMORE—Added OF Geronimo Berroa to 25-man roster. Optioned OF Dave Dellucci to Bowie, EL.

NATIONAL LEAGUE

CHICAGO—Optioned Brant Brown to Iowa, AA. Recalled RHP Marc Pisciotta from Iowa.

LOS ANGELES—Recalled OF Todd Hollandsworth from Albuquerque, PCL. Optioned OF Karim Garcia to Albuquerque.

PITTSBURGH—Put INF Joe Randa on 15-day disabled list. Recalled INF Lou Collier from Calgary of the PCL.

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SPORTS

Brazil Survives Bolivian Barrage

Compiled by Our Staff From Dispatches

LA PAZ — Brazil won the Copa America the hard way, surviving a second-half bombardment and then scoring twice in the last 15 minutes to beat the host Bolivia, 3-1, in the final.

The Brazilian striker Ronaldo had looked one of the players least likely to score until the 79th minute Sunday night, when he put Brazil ahead, 2-1. Ze Roberto then scored in injury time to give Brazil its fifth Copa America title but its first on foreign soil.

The two goals came after Brazil, struggling to cope with playing at 3,600 meters (12,000 feet) above sea level, had been run ragged in the second half. Edmundo, standing in for the injured Romario, gave Brazil a lead in the 37th minute, but the world champions were on the ropes from the moment that Taffarel relived his La Paz nightmare.

A horrendous misjudgment by the Brazil goalkeeper near halftime allowed a long-range shot by Erwin Sanchez to bounce into the goal for Bolivia's equalizer. Four years ago, Taffarel scored an own goal as Bolivia handed Brazil its first and only defeat in a World Cup qualifier.

Brazil was the shadow of the team that had won their its five previous games at sea level in Santa Cruz. At times in the second half, the Bolivians appeared to have an extra two or three players.

Bolivia, sensing Taffarel's uneasiness, took a series of shots from outside the penalty area.

Brazil was saved by the crossbar twice. Several other shots flew narrowly wide, with the beleaguered goalkeeper uncertain whether to leave them or not. But Taffarel made a superb save on the hour, parrying a powerful, close-range drive by Julio Cesar Baldivieso.

A Bolivia goal seemed only a matter of time after the break until Ronaldo

World Soccer

lurched on to a long through ball by Denilson and scored with a powerful drive from just outside the penalty area.

• FIFA, world soccer's governing body, said Monday that it would decide if Ronaldo was free to move from Barcelona to Internazionale Milan.

FIFA received an official request from Inter to investigate the transfer, along with 40 pages of documentation, on Monday, supporting its claim to the world player of the year, who paid $27.6 million to free himself from his contract with Barcelona.

• Barcelona confirmed Monday that Louis van Gaal, the former Ajax Amsterdam boss, would replace Bobby Robson as coach. Robson is expected to become general manager.

WORLD CUP The United States tied, 1-1, against El Salvador in San Salvador in a match that featured a heavy police presence but none of the spectator violence feared by the authorities.

After a feeble, scoreless first half, the Americans took a 1-0 lead in the 52d minute on a volley by Roy Lassiter, but a defensive lapse let Raul Diaz Arce score with a miskicked shot 10 minutes later.

When a line drive by Lassiter deflected off the crossbar in the 90th minute, the United States had again collected a result on the road that was, in the words of Coach Steve Sampson, acceptable but not desirable.

At the midway point of World Cup qualifying, the Americans (1-1-3) continue to slouch toward France in 1998 with enough talent to get there, but without a killer instinct, a set lineup or the poise and maturity to beat a weaker team on the road.

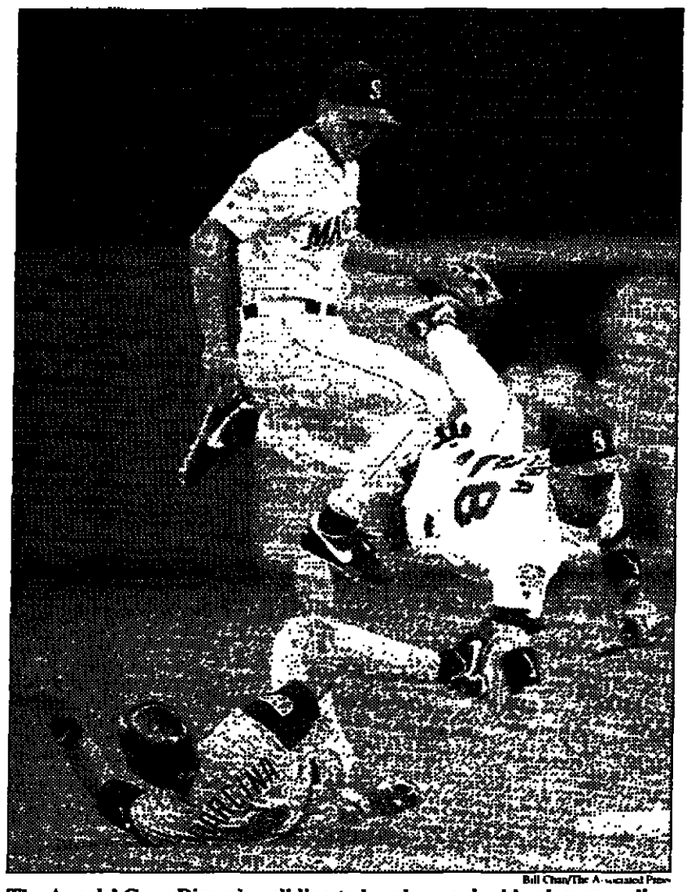
Three of the six teams from the North American, Central American and Caribbean region will advance to the 1998 World Cup next June in France.

"We've clearly shown we're in the top three of the group," said Sampson, whose team now sits behind Mexico (3-0-2) and Costa Rica (2-2-1). "If we win three of the next five, that puts us in the World Cup."

The atmosphere at Cuscatlan Stadium was festive instead of menacing; feared disruptive behavior by the crowd never materialized as approximately 100 national policemen in riot gear circled the field and 1,400 policemen lined the aisles of the stadium.

After an assistant referee was hit in the head with a bottle in the El Salvador-Mexico game, the U.S. ambassador to El Salvador, Anne Patterson, recommended that embassy personnel not attend Sunday's match.But except for a few mangoes and bags of water tossed a John Harkes during corner kicks, the crowd was enthusiastic but well-behaved.

"We were very well-treated here," Sampson said. "Maybe the ambassador might want to reconsider her statement. These people are a soccer-loving country. I think they demonstrated it again today in a very friendly environment." *(NYT, Reuters)*



Bill Chan/The Associated Press

The Angels' Gary Disarcina sliding to break up a double play, upending the Mariners' Joey Cora as Alex Rodriguez jumped out of the way.

Blue Jays Wrap Up A Sweep Of Orioles

The Associated Press

The squeeze is on the Baltimore Orioles at the top of the American League East.

Joe Carter's sacrifice fly broke an eighth-inning tie Sunday as the Toronto Blue Jays beat the Orioles, 3-2, to complete their first four-game sweep in Baltimore.

Baltimore's lead in the division, 9½ games on June 5, is down to 5½ games over the second-place New York Yankees.

Geronimo Berroa, making his debut with Baltimore after being obtained in a trade with Oakland, went 0-for-5 with

AL Roundup

three strikeouts. The Orioles' new designated hitter stranded six runners, making the final out on a fly ball to the warning track in center with a runner on first.

"It's only one ugly day. I'll be O.K.," said Berroa, who arrived in Baltimore at 2 A.M. "I don't have too many games like that in my life."

Mariners 3, Angels 2 Jose Cruz Jr. hit a solo homer off Rich DeLucia with two outs in the ninth at the Kingdome, and Ken Griffey went 1-for-4 in his first outfield start since straining a hamstring last Wednesday.

Randy Johnson, in his first start since striking out 19 against Oakland, struck out seven in eight-plus innings. He allowed two runs — none earned — on five hits and five walks.

Anaheim loaded the bases with no outs in the ninth and the score 2-all, but Bobby Ayala pitched his way out of trouble.

Athletics 7, Rangers 5 Mark McGwire hit his 29th homer to tie Griffey for the major-league lead, and John Wetteland blew a save for the third time in four tries, allowing run-scoring hits to Dave Magadan and Mark Bellhorn in the bottom of the eighth.

Yankees 11, Indians 10 Tino Martinez bailed out New York's bullpen with a run-scoring single in the eighth, breaking a 10-10 tie created when Cleveland scored three runs in the top of the inning.

Martinez, who hit a three-run homer in the first inning, has 11 hits in his last 20 at-bats and six homers in his last six games. Manny Ramirez drove in four runs and Matt Williams hit his third homer in two days for the Indians.

White Sox 6, Twins 4 Wilson Alvarez won his fourth straight start as visiting Chicago won for the 10th time in 12 games. All four Minnesota runs were unearned because of fielding errors by Frank Thomas at first base and Chris Snopek at third.

Mike Cameron robbed Roberto Kelly of a potential game-tying homer in the eighth with a leaping catch above the center-field fence.

Red Sox 8, Tigers 6 Darren Bragg, in an 0-for-15 slump, doubled to break a 6-6 tie in the seventh at Fenway Park, and Mike Stanley added a run-scoring single later in the inning as Boston beat Detroit.

Brewers 3, Royals 2 Jeff Huson's two-out single scored the go-ahead run as visiting Milwaukee rallied for two runs in the ninth.

Child's Play Warped by Adult Goals

New York Times Service

Vantage Point / **Harvey Araton**

WHEN MY 7-year-old son rejected the opportunity recently to try out for his age group's town travel soccer team, I found myself not wanting to take no for an answer, and creating more subtle ways to rephrase the question.

"I don't want to," he'd say, leaving me in a quiet sulk until one night, he asked if he could continue to play in the less-glamorous town league with his friends. When I told him, "Of course," he pumped his fist and cried out, "Yes!" I was jolted to reality and shame.

The game, for him, is obviously about playing in the park with kids he knows. It is not about status and privilege, which it only becomes when adults ascribe achievement in sports that is disproportionate to everything else. When today's rabidity becomes tomorrow's laxity, then, as Bernard Lefkowitz frighteningly details in his new book, "Our Guys," (University of California Press), it is time to hide the women and less athletically inclined children at first sight of the newly formed Jock Elite.

This book chronicles a most tragic extreme, the 1989 rape case in Glen Ridge, New Jersey, in which a 17-year-old girl classified as "educable mentally retarded" was sexually assaulted by a gang of popular high school athletes in a small, upscale suburb that as far back as 1941 was described in a Yale University study as putting "too great an emphasis on producing winning teams at the expense of social values."

The book's release comes as four defendants, who were convicted in March 1993, finally face sentencing on Monday. Lefkowitz, a Columbia Journalism School instructor who nurtured his book through years of legal delays that caused the original publisher to drop the project, said, "If I thought Glen Ridge was unique, an aberration, then I wouldn't have done the book."

But he knew, as we should know, that the warped values that produced a heinous crime and many more adolescent victims of harassments, documented by Lefkowitz, exist everywhere. The logical extensions of Glen Ridge High School are the University of Nebraska football program and the Dallas Cowboys. "Our Guys" grow up to be America's teams. I've been wondering lately if the genesis of the aberrant behavior by so many team sport athletes, particularly related to women, could in some cases be something so seemingly simple as a father nudging a 7-year-old toward town-wide recognition.

IN first-grade soccer this year, I watched collections of future stars beat up on teams that would play entire fall and spring schedules without so much as scoring a goal. Who benefits from these displays of might, besides the junior Peles's coaches, who arranged for extra showdowns with fellow juggernauts instead of just balancing teams from top and bottom?

In a society where Dennis Rodman is rewarded by Converse with a new marketing campaign after assaulting a photographer and cursing Mormons, decency and common sense are indeed upside down. But local obsessions are only partly related to scholarships and shoe deals. As Lefkowitz reported, most of the Glen Ridge athletes would have been relegated to nerd land had they crossed the borders into neighboring Montclair and Bloomfield, towns with large black and blue-collar populations. Yet, from the time they could run faster and hit harder in their own small pond, they were indulged to the point where the trashing of a house at an unsupervised party brought no form of punishment. Not from parents, educators or coaches.

"Our Guys" is more about child-rearing in America than it is about sports. About how celebrity creates power, and in the community creates the social equivalent of a military coup. Woe to those who try to resist.

"I went to the high school graduation in 1989," Lefkowitz said.

"And when the one kid — Charlie Figueroa, one of three blacks in the school — who actually admitted to his teachers that he'd heard about the rape walked across the stage to get his diploma, you could hear the calls: 'Snitch, snitch, snitch!' "

In Lefkowitz's opinion, the kid should have had a statue erected to him in front of the school. The sad truth is: Monuments and trophy cases are built faster for jocks who score than for champions of virtue.

Estes Wins 7th Straight As Giants Down Rockies

The Associated Press

Shawn Estes won his seventh consecutive decision as San Francisco beat Colorado, its closest pursuer in the National League West, 7-4.

Estes (11-2) shut out Colorado until Larry Walker's run-scoring single in the seventh inning Sunday. It was another strong outing by the left-hander,

NL Roundup

who has built a solid case for an All-Star berth in his first full season in the majors. Estes struck out seven and left with the bases loaded and no outs in the seventh.

Walker, who hit a home run in the ninth off Doug Henry, went 2-for-3 and leads the majors in batting at .410. Barry Bonds hit his 19th home run for the visiting Giants, and Jeff Kent and Damon Berryhill also connected for solo homers for San Francisco.

Braves 6, Phillies 5 Keith Lockhart, pinch-hitting, socked a grand slam as Atlanta rallied from a five-run deficit to complete a four-game sweep at Turner Field. The Braves have won five in a row, and have won nine straight series against Philadelphia.

The Phillies' starter, Scott Ruffcorn, was pulled after 5⅓ innings even though he had not allowed a hit and held a 5-0 lead. But he had walked four, hit two batters and thrown two wild pitches.

Ron Blazier relieved in the sixth, Mark Lemke hit a run-scoring single and Lockhart connected for the first slam of his career, tying it at 5. Fred McGriff tripled home the go-ahead run in the seventh.

Cardinals 6, Reds 5 St. Louis blew four leads, but won in Cincinnati on Ron Gant's run-scoring single in the 12th.

There were two rain delays in the game, which lasted 6 hours 20 minutes and finished with rain falling and about 200 fans left.

Mets 10, Pirates 8 John Olerud homered twice, and Todd Hundley, Butch Huskey and Matt Franco also hit home runs as New York overcame a 6-1 deficit at Three Rivers Stadium.

John Franco, who blew two save chances last week against Pittsburgh, earned his 342d save, moving him past Rollie Fingers into fourth place on the career list. Matt Franco hit a two-run homer, giving him six straight hits as a pinch-hitter.

Dodgers 10, Padres 4 Pedro Astacio, 0-7 in his previous 10 starts, pitched Los Angeles to its first victory in 11 games against San Diego. The Padres had won their previous eight at Dodger Stadium. Eric Karros drove in four runs as Astacio (4-7) improved to a 4-0 lifetime mark against the Padres.

Astros 10, Cubs 8 Tommy Greene, making his first start since Sept. 16, 1995, struck out seven in 4⅓ innings as Houston won at Wrigley Field.

Greene also hit a double as the Astros took a 7-0 lead. But he tired on the mound and left after allowing four runs and six hits. Greene missed last season because of back and shoulder injuries.

Marlins 5, Expos 3 Moises Alou, who left Montreal in the off-season to sign with the Marlins, hit a two-run triple that highlighted a four-run first inning at Florida.

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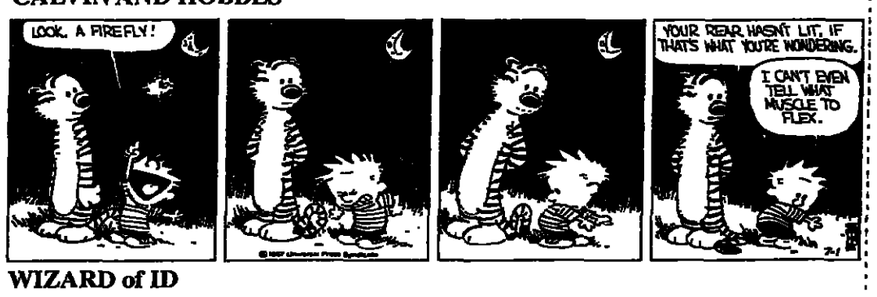
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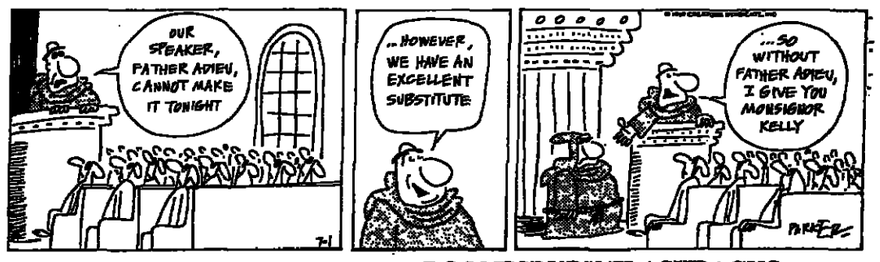
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WASHINGTON — The reason that I am considered one of the best-dressed men in Washington is that I have my shirts made in Sri Lanka, my suits cut in Poland, my shoes designed in China and my ties sewn in Malaysia.


Buchwald

This is not my doing — it's what my department store sells, and whatever country it chooses to import my clothes from I have to go along with.

Unlike most people who just walk into a store and say, "Give me a button-down shirt from Sri Lanka," I like to think that the person making my shirts knows he works for me and takes great care in what he is doing, because once I buy it, I might wear it to the White House, the Senate Dining Room or on the "Larry King" show.

□

I imagine the dialogue with my shirtmaker in his home where he and his wife both work.

His wife says, "Will you take the garbage out, dear?"

"Not now. I am working on Buchwald's shirt and he needs it by Thursday because he's going to a party for Don Imus at the White House."

"How do you know this?"

"I heard it from the Bloomingdale's shirt buyer. He said that Buchwald is a fashion plate, and everyone at the Clintons' will look to see if he is wearing a button-down shirt or a winged collar."

"What are you going to do?"

"I'm going to give him a winged collar but insert two buttons in a cellophane bag in case he wants to go the other way."

□

"Are you giving him French cuffs or regular?"

"I'm giving him French because I just heard that he bought a new set of cuff links made in Thailand."

"I hope that the shirt fits him."

"I can't miss. I got his measurements from our cousin in Singapore who made Buchwald's last shirt which he purchased from JCPenney."

"You're the best. I wish I could put your name on the pocket of every shirt you make so the whole world would know that you had made it."

"That would be bragging."

"Ralph Lauren doesn't think so."

Westminster Abbey To Charge Entry Fee

Reuters

LONDON — Westminster Abbey will start charging an entry fee of £4 ($6.40) in August to relieve overcrowding.

Church officials feel they need to deter the crowds to retain the sanctity of the 900-year-old abbey — the site of the coronation of every English monarch since 1066. "The authorities have long charged for entrance to the abbey's Royal Chapels. But the decision to charge at the main door, initially for a trial period in August, comes after Canterbury Cathedral last week announced it would extend charging to Sundays to reduce 'disruptive and dangerous overcrowding,'" the Observer newspaper said.

Industrial Bilbao Looks to a Designer Future

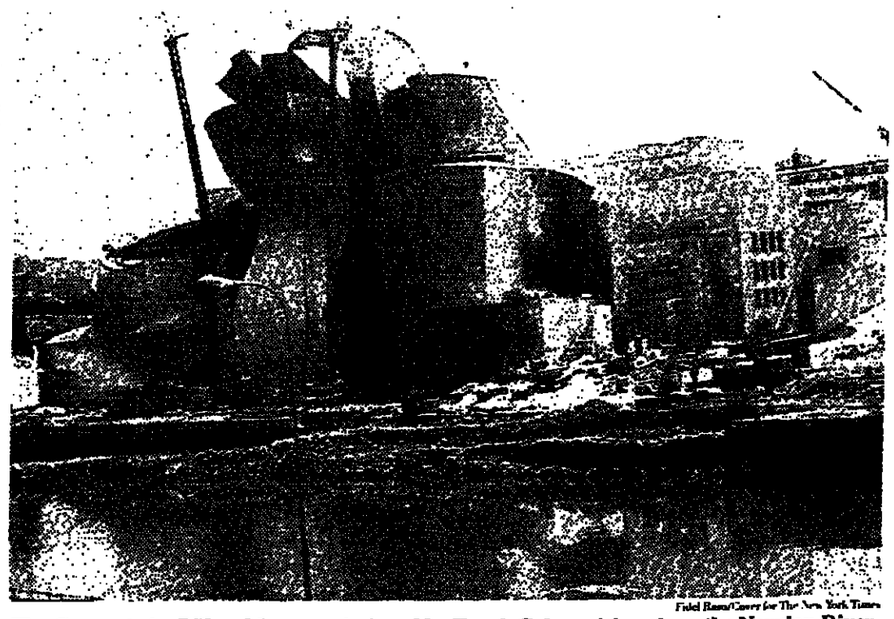
By Alan Riding
New York Times Service

BILBAO, Spain — Just months from its inauguration, with one work of art in place, several interior walls unfinished and the entrance plaza slippery with mud, the spectacular new Guggenheim Bilbao Museum designed by Frank Gehry is still something of a work-in-progress.

Yet already, it seems, the $100 million building has won the hearts of many inhabitants of this industrial port city in Spain's northern Basque region.

It was not always so. At first, many local taxpayers balked at the idea of their money being spent on what was called a "pharaonic" project. Local artists argued that the money should go to, well, local artists; opposition politicians said the money could be better used for schools and hospitals; newspapers warned that local culture would be controlled by an "imperialist" American foundation that was being paid a huge sum for the privilege.

Further, this grimy city had no tradition of devotion to the arts. Thanks to nearby iron-ore deposits, it became the center of Spain's steel industry in the late 19th century. A busy port and new shipyards added to its prosperity, which in turn spawned profitable banking and insurance sectors. For Bilbaoans, hard work and moneymaking have always taken precedence over beauty and style.


Fidel Rasco/Getty for The New York Times
The Guggenheim Bilbao Museum, designed by Frank Gehry, rising along the Nervion River.

When the Guggenheim project was brought up for debate, however, the Basque government had more than culture in mind. It argued that after a grim 15 years in which the closing of steel plants, shipyards and port facilities had swollen unemployment, the museum would serve as both motor and symbol of economic revival and urban renewal.

It also appealed to Basque nationalist pride, promising that a world-class museum showing the best of the Solomon R. Guggenheim Foundation's collection and drawing perhaps 500,000 visitors a year would put the city on the map.

Today, Bilbaoans seem persuaded. Even the unorthodox terms of the 75-year agreement creating the museum are no longer much of an issue. The Basques agreed to cover the $100 million construction cost, to create a $50 million acquisition fund, to pay a one-time $20 million fee to the Guggenheim and to subsidize the museum's $12 million annual budget. In exchange, the Guggenheim would manage the institution, rotate parts of its own permanent collection through it and organize temporary shows.

Perhaps even more surprising, given the unconventional appearance of Gehry's multifaceted stone, glass and titanium-covered museum, many residents already appear genuinely fond of what one businesswoman affectionately called "the beast" now poised on the banks of the Nervion River against a backdrop of traditional 19th-century buildings. Not long ago Bilbao was trapped in the past; now it is reaching for a designer future.

In that, it is emulating Barcelona and Seville. Using the occasions of the Summer Olympics in Barcelona and the universal exhibition in Seville, both in 1992, these cities spent heavily on new highways, bridges and cultural institutions, many of them designed by top international architects. At the time, Bilbao felt left out; now it is rushing to catch up.

Two new bridges over the Nervion have just opened, one of them an ultramodern suspension bridge for pedestrians designed by the Spanish architect Santiago Calatrava, who is also building a new city airport. A subway system designed by Sir Norman Foster of Britain opened 18 months ago and has already relieved traffic. A low-lying river bank known as Abandoibarra, long occupied by factories, warehouses and a railroad depot, is being redeveloped by the Argentine-born architect Cesar Pelli.

Even before its official opening in early October, however, it is the museum that has captured the city's imagination. Standing at the eastern end of Abandoibarra, facing the river on one side and the city on the other, it resembles a vast free-form sculpture with a jumble of titanium-clad cubes rising from its center.

Two rectangular gallery wings are covered in Spanish limestone, but a third, its titanium exterior giving it a shimmering silver look, stretches no less than 430 feet (130 meters) beside the river.

The 257,000-square-foot (23,900-square-meter) museum is entered through a lobby that leads to a dramatic 165-foot-high atrium, one and a half times the height of the rotunda of Frank Lloyd Wright's Guggenheim Museum in New York. Glass-covered elevators and staircases cling to its walls, while balconies on the second and third floors lead to the more traditional spaces. To one side of the atrium, the long barrel-roofed gallery known as "The Boat" opens up like the mouth of a huge whale. And it is there that the museum's first art work, "Snake" by Richard Serra, has been installed.

The museum will open with "The Guggenheim Museums and the Art of This Century," a 300-piece overview of 20th-century art from Cubism to new media art. Most pieces will come from the Guggenheim's collection, but Bilbao has also acquired paintings by Willem de Kooning, Mark Rothko and Clyfford Still and has commissioned new works by Francesco Clemente, Anselm Kiefer and Jenny Holzer as well as Serra.

Not likely on show, though, will be the painting most wanted by the museum. In January, it submitted a request to the Reina Sofia Art Center in Madrid for the loan of "Guernica," Picasso's landmark painting of the 1937 bombing by Nazi aircraft of the small Basque town of Guernica, a few miles south of here. In May, the request was turned down on the ground that the painting was too fragile to travel, a decision that was promptly seen in the Basque region as politically motivated. A Spanish government commission, however, recommended last week that the painting be transferred to Bilbao.

Thomas Krens, the director of the Guggenheim Foundation, showed a visitor a special gallery reserved for "Guernica" in the hope that the decision will be reversed. "The painting has traveled to 35 institutions," he said. "It is part of the history and blood of this region."

Still, eager to acquire a local identity, the museum has begun acquiring works by contemporary Spanish artists, although not without stirring controversy. For example, it has bought works by the country's two best known living artists, Antoni Tapies and Eduardo Chillida, but it has so far overlooked Jorge Oteiza, an outspoken critic of the Guggenheim Bilbao who was once the Basque region's most prominent sculptor.

PEOPLE

PROLONGED rain has forced the cancellation of a major horse show planned as a tribute to **Queen Elizabeth's** golden wedding anniversary. Two years of planning had gone into the Royal Pageant of the Horse, which was to have featured more than 1,000 horses and 4,000 participants in Windsor Great Park, west of London, on July 5. But the organizers said heavy rainfall over the past month had turned the park into mud, making it unsafe to construct a large stage, seating tribunes and lighting towers for the show.

□

The crime film "Set It Off" set off an award spree at the Acapulco Black Film Festival, including one for **Queen Latifah** as best actress and one for **F. Gary Gray**, the director. "Once Upon a Time When We Were Colored" won the best film award, and **Ossie Davis** was named best actor for his role in "Get on the Bus."

□

Nicolas Cage, Bruce Willis, Kenny G and **George Gershwin** are among 16 entertainers who will receive stars on the Hollywood Walk of Fame next year. "It's a wonderful mixture this year," said **Johnny Grant**, chairman of the Walk of Fame Committee. "We have young performers who have met the criteria and will continue to grow careerwise. We have current headliners and, of course, the legends." Celebrities in the film category who will receive a star also include **Mike Nichols, Joe Pesci** and **Stuart Whitman.**

□

About 100 friends and family members who gathered at a memorial service in Malibu, California, to remember **Brian Keith** described him as a "loving curmudgeon" not unlike his character in the "Family Affair" television show. Keith, who had been suffering from lung cancer and emphysema, died last week of a self-inflicted gunshot wound. **Johnnie Whitaker**, who starred with Keith on "Family Affair," which ran from 1966 to 1971, said he will recall Keith as "the great fun, loving curmudgeon that he always has been."

□

The office of **Princess Diana** has denied that she had become engaged to a Pakistani heart surgeon, while speculation surfaced that **Prince Charles** might marry **Camilla Parker Bowles**, in a "nonroyal" wedding. Diana's Kensington Palace office tersely dismissed a newspaper report that she had become unofficially engaged to **Hasnat Khan**, by saying, "The Princess of Wales has not become engaged to Dr. Hasnat Khan, officially or unofficially." Another newspaper, The Sunday Times, said friends of Charles and Parker Bowles were preparing the ground for a "morganatic" marriage so they could live a "more honest and contented life together." It said a growing group of influential figures believed a morganatic marriage, which would allow Charles to remarry without conferring royal status on Parker Bowles, would give him emotional stability and guarantee a successful reign. Such a marriage would require legislation to amend a 1772 act of Parliament.

□

If **Dashiell Hammett** ever got a free meal at John's Grill in San Francisco when he was a struggling writer in the 1920s, he's paid it back in spades. The restaurant has been declared a National Literary Landmark. The Friends of Libraries U.S.A. selected John's because of its association with Hammett. The writer lived just a few blocks from the eatery and frequently dined there, but it was a meal only on paper that made the restaurant famous: Sam Spade — Hammett's alter ego — ate there in "The Maltese Falcon."

□

Wanted: movie extras eager to watch the rock star **Meat Loaf** chase a greased pig. The pay: free soft drinks. "We'd love it if we got as many as 1,000 people out there," said **Elizabeth Schulze**, coordinator for the made-for-TV movie "Everything That Rises," directed by and starring **Dennis Quaid.** He'll be shooting a mock rodeo and greased-pig contest at Park County Fairgrounds in Livingston, Montana, next weekend and needs people to fill the grandstands for Meat Loaf's scene. Some local residents have bigger roles.

□

Britain's newly elected Tory leader, **William Hague**, is to marry his former private secretary in a ceremony at the House of Commons, the Conservative Party announced Monday. Hague, 36, will wed **Ffion Jenkins**, 29, on Dec. 19 in the chapel at the House of Commons crypt.


Frank Augstein/The Associated Press
AWARD OF MERIT — The actress Susan Sarandon holding the CineMerit Award, which she received at Filmfest Munich for her contributions to the movies.



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Sweden	020-795-611
Switzerland●	0800-89-0011
United Kingdom▲	0500-89-0011
	0800-89-0011
MIDDLE EAST	
Egypt●(Cairo)†	510-0200
Israel	177-100-2727
Saudi Arabia◇	1-800-10
AFRICA	
Ghana	8191
Kenya▲	0-800-10
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